



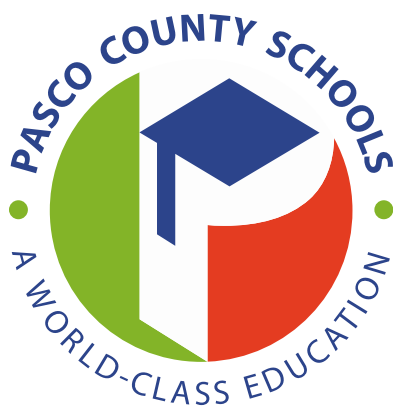
Students Achieving Success

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



Kurt S. Browning, Superintendent of Schools
Land O' Lakes, Florida • www.pascoschools.org



Comprehensive Annual Financial Report

of the

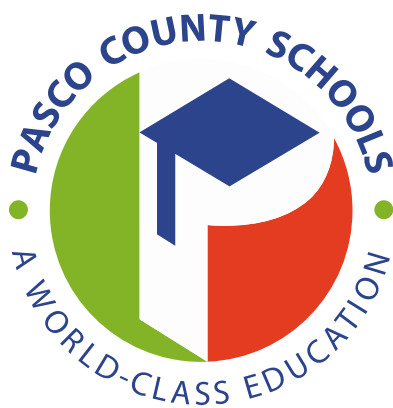
District School Board of Pasco County
Land O' Lakes, Florida

for the

Fiscal Year Ended June 30, 2017



Issued by:
Finance Services Department



District School Board of Pasco County Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2017

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INTRODUCTORY SECTION



Pasco County Schools

Kurt S. Browning, Superintendent of Schools

7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638

January 24, 2018

Dear Chairman, Members of the School Board and Citizens of Pasco County:

State law requires that all local governments publish after the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the District School Board of Pasco County, Florida (District) for the fiscal year ended June 30, 2017.

This report consists of management's representation concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. 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.

The audit firm of Carr, Riggs and Ingram, LLC has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was a part of a broader, Federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations, Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing the Single Audit engagement require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, summary of prior audit findings, and the independent auditor's reports on the system of internal control and the compliance with applicable requirements, are included in the Single Audit section.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis report (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the School District

The District and its governing body were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by the District School Board in accordance with Chapter 1001.30, Florida Statutes. The District School Board consists of five elected officials responsible for the adoption of policies, which govern the operation of public schools in Pasco County.

The elected Superintendent of Schools is the executive officer of the Board and is responsible for the administration and management of the schools within the applicable parameters of Florida Statutes, State Board of Education Rules, and School Board policies. Section 1010.01, Florida Statutes, requires each school district to prepare and maintain financial records and accounts as prescribed by law and rules of the State Board of Education.

The geographic boundaries of the District are those of Pasco County. During the 2016-2017 fiscal year, the District operated 81 schools, including 48 elementary schools, 15 middle schools, 13 high schools, Pasco eSchool and 4 specialized schools; and sponsored 10 charter schools. The District reported serving 72,493 full-time equivalent students for the 2016-2017 fiscal year and projects it will enroll 73,181 students for the 2017-2018 school year.

The District receives the majority of its operating funds through a State funding formula that is intended to equalize funding received from the State and local property tax between districts within the State. Charter schools operating through a contract with the District are provided with their proportionate share of these funds, based upon the number of full-time equivalent students enrolled at the charter school.

The District serves students from infants through adults. Students in the District represent a diverse community of learners, including a variety of ethnic and cultural backgrounds. The student population is predominately white (63 percent). Other ethnicities include: Hispanic (22 percent), black (7 percent), and Asian/American Indian/Pacific Islander/Alaskan Native/Other (8 percent).

In addition to the educational programs offered to K-12 students, the District offers pre-kindergarten services including: programs for babies of teen parents who are progressing toward achieving high school diplomas; special education programs for infants and toddlers below the age of three; pre-kindergarten programs for three and four-year-old disabled students; and programs for eligible low income, at-risk pre-school age students.

The District also offers programs for adults to learn the necessary skills in order to enter the workforce or increase opportunities for advancement in current positions. In addition, students who do not demonstrate proficiency with English as a second language have the opportunity to learn communication skills through the District's English Language Learners (ELL) programs, and all citizens can take fee-supported courses to increase personal development in various subjects such as computer technology, photography and personal financial planning.

This report includes all funds of the District, the Pasco County School Board Leasing Corporation (the "Leasing Corporation"), ten (10) charter schools and the Pasco Education Foundation, Inc. (the "Foundation"), which comprise the reporting entity. The Leasing Corporation was formed to facilitate financing for the acquisition of educational facilities and equipment. Charter schools are public schools operating under performance contracts with the District. The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization. The Foundation's purpose is exclusively educational and charitable for the constituents of Pasco County. The charter schools and Foundation are included in the CAFR as discretely presented component units.

Economic Condition and Outlook

Pasco County is a 745 square mile area located centrally on the west coast of Florida, 200 miles south of the State capital of Tallahassee and 300 miles northwest of Miami. The County is approximately 30 miles northwest of the City of Tampa, and approximately 45 miles north of the City of St. Petersburg. It is part of a nine county region referred to as the "Nature Coast" and contains a mix of suburban and rural communities. The County was established in 1887. Within its borders there are six municipalities: the cities of San Antonio, St. Leo, Zephyrhills, Port Richey, Dade City, and New Port Richey. There are also several smaller unincorporated communities such as Darby, Holiday, Hudson, Land O' Lakes, Trinity, and Wesley Chapel. The County is primarily a retirement and tourist area but construction, retail trade, service industries, agriculture, and manufacturing play active parts in the community's financial status.

Since calendar year 2008, the population of Pasco County increased 16.8 percent to an estimated 512,368 in calendar year 2017. For the calendar year 2016, the Florida Price Level Index for School Personnel, which is prepared by the Florida Polytechnic University under the direction of the Florida Department of Education, ranked Pasco County 20th of 67 counties in the State with a value of 98.43.

The Florida Price Level Index for School Personnel is used to represent the cost of hiring equally qualified personnel across Florida school districts and takes into account the cost of goods and services, access to lakes or sandy beaches, the range of available cultural and recreational opportunities, and the mix of public services and taxes that affect standards of living for a county. A value of 100 represents the weighted average cost to hire and retain qualified personnel. In essence, the District's value of 98.43 implies that it cost the District less than the average school district to attract and retain equally qualified personnel. Surrounding counties such as, Hillsborough (101.14) and Pinellas (100.33), which had higher values will need to provide greater compensation to hire and retain equally qualified personnel.

The District recognizes that continued enhancement of the local economy is of mutual benefit to both the District and Pasco County. An excellent system of public education is a significant factor in improving the standard of living in Pasco County. As the area's largest employer, employing 10,728 full and part-time employees, the District endeavors to improve its education system by focusing on the following major initiatives.

Financial Information

The District maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District School Board. Activities of all governmental fund types are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the fund-function-object level for all funds.

Budgetary information is integrated into the accounting system. To facilitate budgetary control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and outstanding encumbrances are honored in the subsequent year's appropriations.

In order to provide budgetary control for salaries, the District utilizes a centralized position control system. On an annual basis, the District adopts a District staffing plan that establishes teaching positions based generally on student populations served. Additionally, support and administrative positions are created based on established criteria.

The District has a policy that states that in order to ensure the financial strength, maintain a favorable bond rating, and the stability of the District, the District's operating fund shall budget for and maintain a reasonable unrestricted fund balance. Accordingly, the unrestricted fund balance (assigned and unassigned fund balance) at June 30, 2017, in the general fund is \$52,437,139 or 9.85 percent of total general fund expenditures. The District has appropriated \$5,377,024 of this amount for spending in the 2017-2018 fiscal year.

The District has an investment policy in place for investments of temporarily idle funds. The purpose of the policy is to outline the responsibility, authority, and general guidelines for the investment management of the District's cash reserves and to ensure compliance with Florida Statutes.

The District is self-insured up to specified limits for Workers' compensation, automobile liability, general liability, and employee group health insurance. Additional information on the District's risk management can be found in the notes to the financial statements.

The District's capital asset policy specifies the categories of capital assets and the dollar thresholds for capitalizing purchases. It also specifies the length of depreciation for each asset category.

The Penny for Pasco is a Local Government Infrastructure Surtax originally passed by Pasco County voters on March 9, 2004, and renewed on November 6, 2012. The original surtax became effective on January 1, 2005 to December 31, 2014. Voters signaled their approval for the continuation of the Penny for Pasco for another ten years, beginning in January 2015. The renewal was supported by 70 percent of the voters in Pasco County. The District School Board of Pasco County receives 45 percent of the sales tax collections. The purpose of the Penny of Pasco is for renovation of current facilities and for technology improvements. The District School Board of Pasco County established the Penny for Pasco Oversight Committee to help monitor the needs and allocation of the funding.

Accomplishments

The District School Board of Pasco County is committed to fulfilling its vision to prepare students for success in college, career, and life. To that end, the District has been expanding educational options such as magnet programs and career academies so students can get the most out of education, life, and future work.

We currently offer the International Baccalaureate Program at Gulf and Land O' Lakes High schools, and are in the candidacy process for a middle years program at Pine View Middle School and for the primary years program at Pine View Elementary School. We continue to expand our career and technical programs, and students can take honors, Advanced Placement, and Dual Enrollment classes at the middle and high school levels. We also offer the nationally-recognized college readiness program, AVID, at four high schools, five middle schools, and four elementary schools. Our Educational Choice program allows parents to choose a

school other than the one for which they are zoned through our open choice program. In 2015, we re-opened Sanders Memorial Elementary School as the District's first magnet school with a focus on STEAM (Science, Technology, Engineering, Arts, and Math) education, and in the 2016-2017 year we added STEM magnet programs at Bayonet Point and Centennial middle schools. Finally, we continue to expand charter school options.

Expanded choices include a regional Embry-Riddle Aeronautics Academy at Sunlake High School, and aeronautical programs at Hudson and Zephyrhills High schools. The rigorous Cambridge Education program is offered at Pasco and Paul R. Smith Middle schools, Anclote and Pasco High schools, and San Antonio Elementary School.

The Infinity Program that started in 2013-2014 at Paul R. Smith Middle School also is offered at Raymond B. Stewart Middle School and Zephyrhills High School. Infinity Academy uses a blended learning environment that allows tech-savvy students to own their learning and education. Each student is given a computer to use at school and at home while they are enrolled in the academy.

Our Pasco eSchool is one of Florida's premier online education programs, boasting some of the highest completion rates and assessment scores in the state and the second highest enrollment of any Florida school district virtual education program.

Finally, in 2015, we implemented a Success Plan to guide our work. This Plan includes 4 key strategic pillars: Excellence in Student Achievement, Employee Success, Taxpayer Value, and Connecting to the Community. Each pillar is backed up with strategies and tactics to achieve success. We review our success on quarterly, mid-year, and annually toward meeting identified goals. This is a bona fide, actionable plan that the District and 12 pilot schools followed in 2016-2017, and which will be expanded to all District schools in pursuit of our vision to provide a world class education for all students.

On measures of student achievement, such as the District's graduation and drop-out rates, Pasco continues to exceed the state average. Graduation rates are released by the State in late Fall each year. Last year, under the Florida calculation rate, Pasco had a 79.1 percent graduation rate, compared to the state average 80.7 percent for the same period. Pasco had a 78.6 percent graduation rate for the prior year for an increase of 0.5 percent last year. This increased graduation in rate is a reflection of Pasco's vision to provide a world class education for all students.

Studies clearly indicate that student success is linked to teacher quality. The District School Board of Pasco County has demonstrated a commitment to recruiting and retaining the brightest individuals to work with our children. Pasco is ranked 8th among Florida school districts for success in retaining teachers. In 2016-2017, 35.7 percent of teachers in Pasco County Schools had earned a Master's Degree or higher and we expect that trend to continue in 2017-2018. Additionally, during the 2014-15 year, the District embarked upon a new comprehensive teacher evaluation system that is based upon an evaluation of a teacher's use of research-based best professional practices (65 percent) and student achievement data (35 percent). This will provide a more thorough evaluation of how a teacher performs and will allow the District to provide targeted staff development in areas of need. The District's goal is to help each teacher and student reach their highest potential.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (the "ASBO") awarded its Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the sixteenth consecutive year that the District has received these prestigious awards. In order to be awarded the Certificate of Achievement for Excellence in Financial Reporting and the Certificate of Excellence in Financial Reporting, the District must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement and Certificate of Excellence are valid for a period of one year only. These awards are granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. It is the belief of management that our current CAFR continues to meet the Certificate of Achievement Program's requirements, as well as the Certificate of Excellence Program's requirements. We are submitting this CAFR to GFOA and ASBO to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the District's Finance Services Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, we would like to thank the members of the School Board for their leadership and support in planning and conducting the financial operations of the District.

Respectfully submitted,



Mr. Kurt S. Browning
Superintendent of Schools



Ms. Olga Swinson, CPA, CGFM
Chief Finance Officer



Mr. James Class
Acting Director of Finance Services



Government Finance Officers Association

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

Presented to

**District School Board
of Pasco County, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

District School Board of Pasco County

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE
Executive Director

List of Principal Officials As of June 30, 2017

Principal Officials – Elected

| | |
|--|---------------|
| Mr. Kurt S. Browning, Superintendent of Schools Present Term Expires | November 2020 |
| Mr. Allen Altman, Chairman, Member from District 1 Present Term Expires | November 2018 |
| Ms. Cynthia Armstrong, Vice-Chairman, Member from District 3 Present Term Expires | November 2018 |
| Ms. Colleen Beaudoin, Member from District 2 Present Term Expires | November 2020 |
| Ms. Alison Crumbley, Member from District 4 Present Term Expires | November 2020 |
| Mr. Steve Luikart, Member from District 5 Present Term Expires | November 2018 |

Principal Officials – Appointed

ADMINISTRATORS

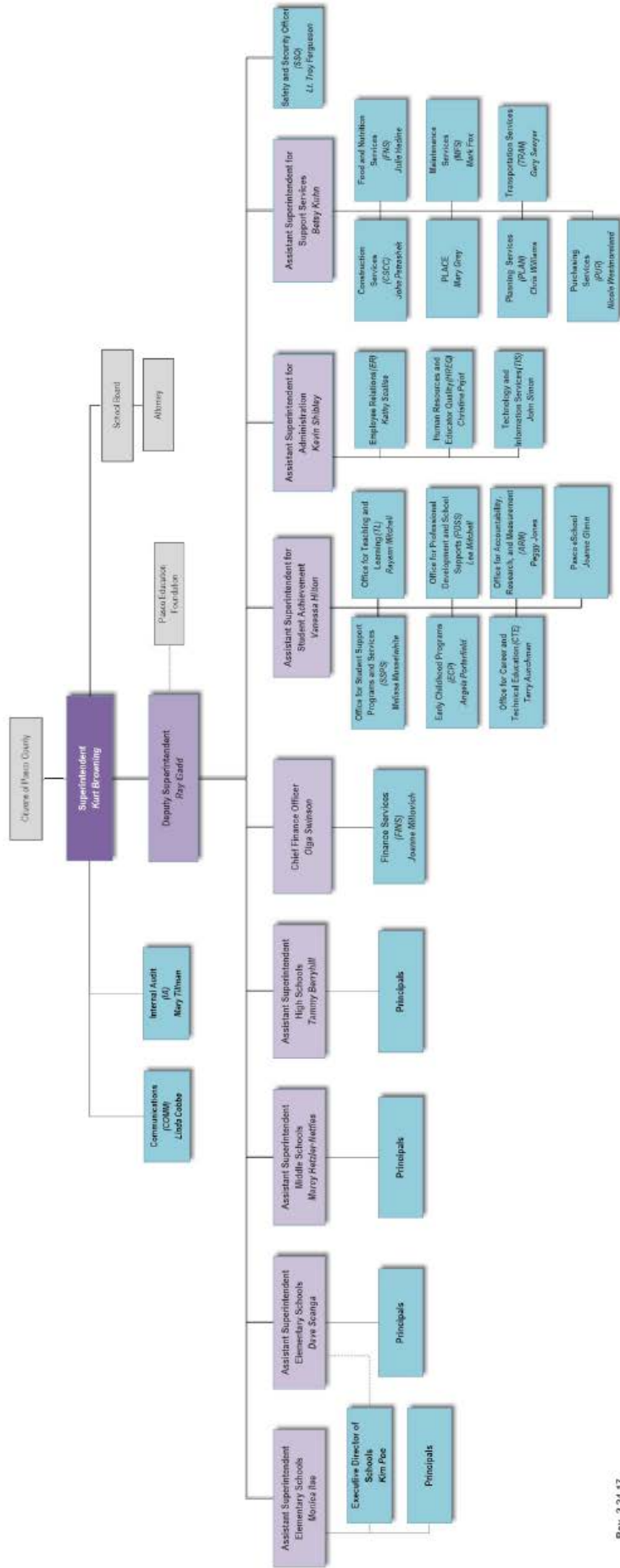
Ray Gadd, Deputy Superintendent

Olga Swinson, CPA, CGFM, Chief Finance Officer

Vanessa Hilton, Assistant Superintendent for Student Achievement
Kevin Shibley, Esq., Assistant Superintendent for Administration
Elizabeth Kuhn, Assistant Superintendent for Support Services
Tammy Berryhill, Assistant Superintendent-High Schools
Marcy Hetzler-Nettles, Assistant Superintendent-Middle Schools
Dr. Dave Scanga, Assistant Superintendent-Elementary Schools
Dr. Monica Ilse, Assistant Superintendent-Elementary Schools
Kimberly Poe, Executive Director-Elementary Schools

ORGANIZATIONAL CHART

Pasco County Schools

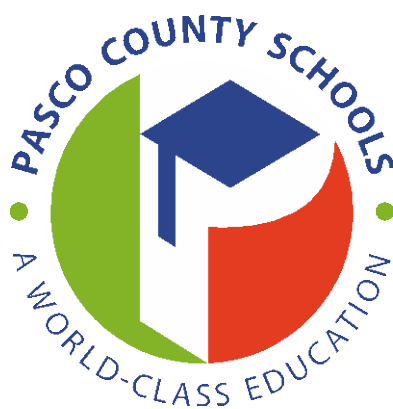


Rev. 2.24.17

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

Chairman and Members of the
District School Board of Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Pasco County ("the District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the account balances and transactions of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the aggregate discretely presented component units, is based solely on the reports of 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the District School Board of Pasco County, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general and special revenue – other federal programs funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative*

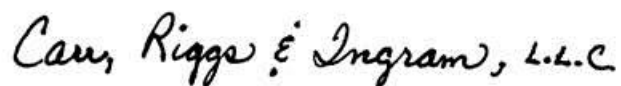
Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
January 24, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS



**District School Board of Pasco County
Management's Discussion and Analysis
June 30, 2017**

The management of the District School Board of Pasco County (the District) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

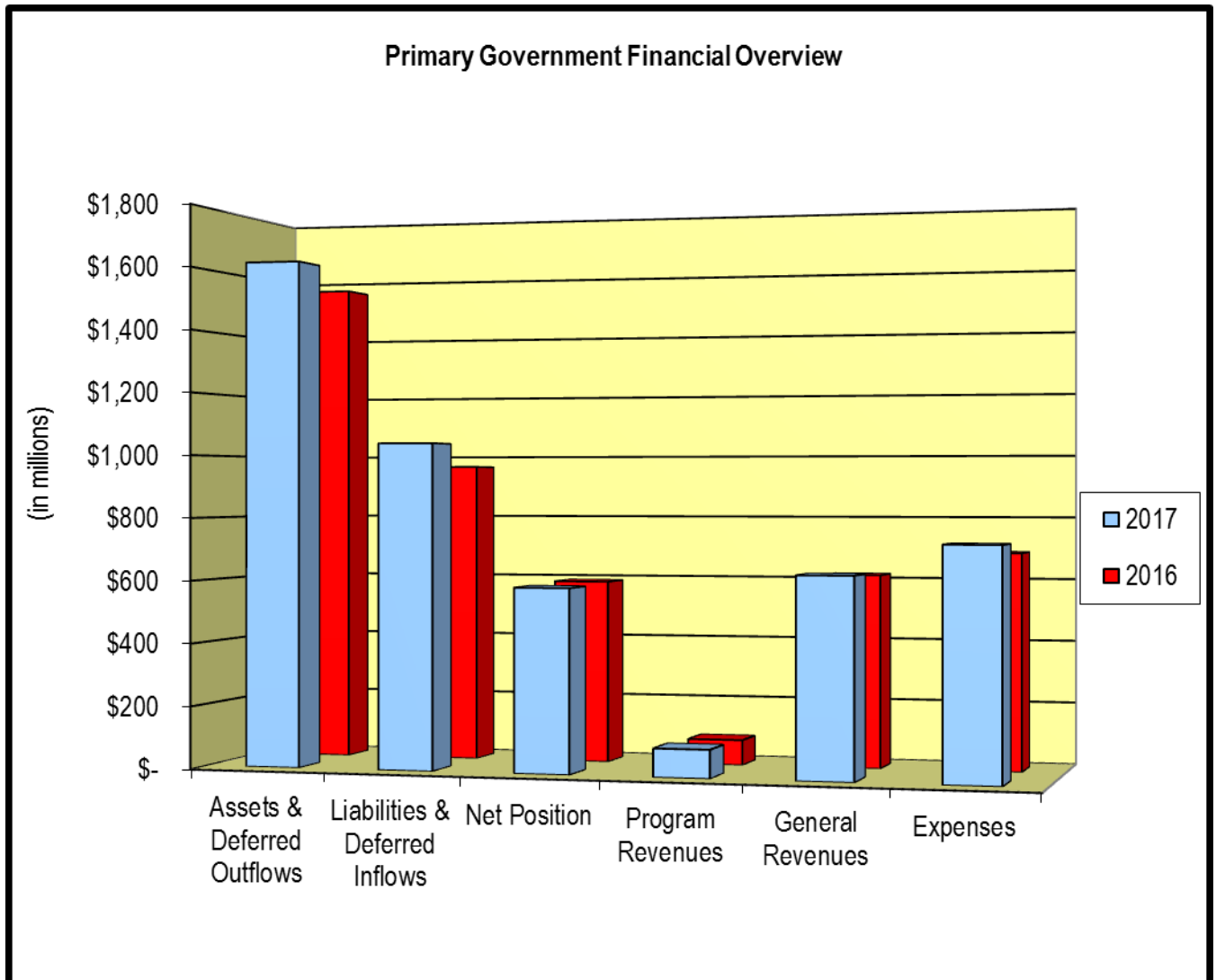
Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the District's basic financial statements and notes to financial statements.

Financial Highlights

Key financial highlights for the 2016-2017 fiscal year is as follows:

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2017, by \$583,335,166. Of this amount, \$10,189,104 may be used to meet the District's ongoing obligations to citizens and creditors and represents unrestricted net position exclusive of the impact of FRS Pension Amounts.
- The District's total net position decreased by \$5,505,266.
- Total revenues of \$719,276,490 were comprised of general revenues in the amount of \$629,241,834 or 87.5 percent, and program specific revenues from charges for services, grants and contributions in the amount of \$90,034,656 or 12.5 percent.
- For the year ended June 30, 2017, the District had \$724,781,756 in expenses related to governmental and business-type activities; \$90,034,656 of which were offset by program specific charges or services, grants and other sources. General revenues (primarily taxes and state funding programs) of \$629,241,834 were sufficient to provide the District's programs.
- The Business-type activities had total revenues of \$11,097,634 which exceeded total expenses and transfers out by \$247,312.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$204,464,510 a decrease of \$66,662,949 in comparison with the prior fiscal year. Approximately 25.65 percent of this total amount, or \$52,437,139, is available for spending at the District's discretion for the purposes defined for each governmental fund (*assigned and unassigned fund balance*).
- At the end of the 2016-2017 fiscal year, unassigned fund balance for the General Fund was \$26,708,735 or 5.01 percent of total General Fund expenditures.
- The District's total long-term debt for bonds, COP's and capital leases decreased by \$21,768,034 or 4.18 percent, during the current fiscal year.

The primary government financial overview for the 2015-2016 and 2016-2017 fiscal years is shown below:

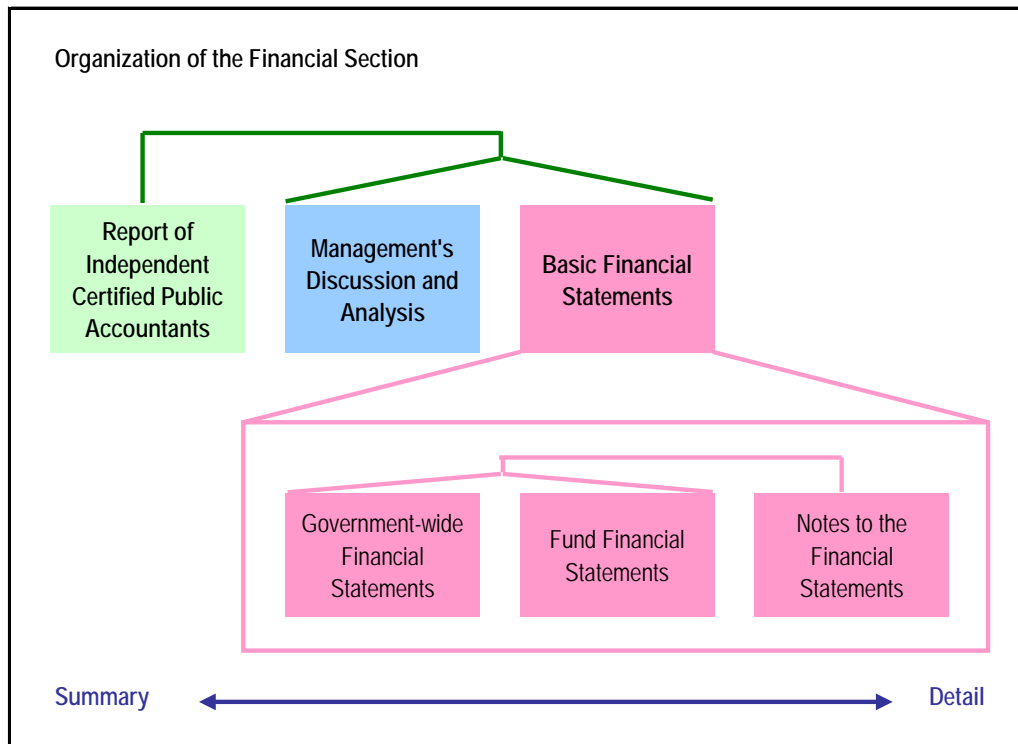


Overview of the Financial Statements

The financial section consists of three parts: Independent Auditor's Report on Financial Statements, MD&A (this section), and Basic Financial Statements. The MD&A is intended to serve as an introduction to the District's basic financial statements and presents other supplementary information in addition to the basic financial statements themselves. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements.

The government-wide financial statements provide both long-term and short-term information about the District's overall financial status. The fund financial statements focus on individual parts of the District and provide greater detail of the District's operations than the government-wide statements. The basic financial statements also include notes, which explain some of the information in the statements and provide more detailed data.

The illustration below shows how the various parts of the financial section are arranged and relate to one another.



The basic financial statements consist of three components:

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

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the primary government presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets, deferred outflows, liabilities and deferred inflows, using an economic resources measurement focus. The difference between the assets and deferred outflows and liabilities and deferred inflows is the net position which is a measurement of the financial health of the District. The statement of activities presents information about the change in the District's net position and the results of its operations, during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

- **Governmental Activities** – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions, such as operation and maintenance of plant, pupil transportation, and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- **Business-Type Activity** – The District charges fees to cover the cost of certain services it provides. The Pasco Learning and Activity Centers of Enrichment (the "PLACE"), a before and after-school child care program, is reported as a business-type activity. Also reported as a business-type activity is the Vending Program, which operates food and beverage machines through the District.
- **Component Units** – The District presents ten charter schools (Academy at the Farm, Inc.; Athenian Academy of Pasco County, Inc.; Classical Preparatory School; Countryside Montessori Charter School, Inc.; Dayspring Academy for Education and the Arts; Florida Virtual Academy at Pasco; Imagine School at Land O'Lakes; Learning Lodge Academy, Inc.; Pepin Academies of Pasco County, Inc. and Plato Academy Schools Corp.) and the Pasco Education Foundation, Inc. (the "Foundation") as separate legal entities in this report. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by accounting principles generally accepted in the United States ("GAAP").

The Pasco County School Board Leasing Corporation, (the "Leasing Corporation"), a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

All of the District's funds may be classified within one of three broad categories:

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

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

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

- **Proprietary Funds** – Proprietary funds may be established to account for activities in which a fee is charged for services. Two types of proprietary funds are maintained:
 - Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its before and after-school child care and vending programs. The District's major enterprise fund is the PLACE Fund.
 - Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses internal service funds to account for its fully insured employees' life insurance; individual self-insurance programs for property/casualty, liability, auto, workers' compensation, medical, pharmacy and behavioral health programs; the employee benefits program; the energy management program; and exclusive agreements administered by the School Board. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds 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, for those enterprise funds determined to be major. Conversely, the internal service funds are combined into a single, aggregated column in the proprietary fund financial statements.

- **Fiduciary Funds** – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The District uses a private-purpose trust fund to account for scholarship funds established by private donors. The District uses a pension trust fund to account for resources used to finance its early retirement program. The District uses agency funds to account for resources held for student activities and groups.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide Other Post-Employment Benefits (OPEB) to its employees and concerning the District's Pension Plans.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of the government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$583,335,166 at June 30, 2017. The following is a summary of the District's net position as of June 30, 2017, compared to net position as of June 30, 2016:

| Net Position, End of Year | | | | | | | |
|---------------------------------|----------------------------|-----------------------|-----------------------------|------------------|-----------------------|-----------------------|----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | | Percentage Change |
| | 6/30/2017 | 6/30/2016 | 6/30/2017 | 6/30/2016 | 6/30/2017 | 6/30/2016 | |
| Current and Other Assets | \$ 309,370,911 | \$ 373,197,196 | \$ 5,127,199 | \$ 4,428,838 | \$ 314,498,110 | \$ 377,626,034 | |
| Capital Assets | 1,144,474,144 | 1,081,233,518 | 133,420 | 166,042 | 1,144,607,564 | 1,081,399,560 | |
| Total Assets | 1,453,845,055 | 1,454,430,714 | 5,260,619 | 4,594,880 | 1,459,105,674 | 1,459,025,594 | 0.01% |
| Deferred Outflows of Resources | 166,362,867 | 99,763,324 | 2,121,285 | 1,112,496 | 168,484,152 | 100,875,820 | |
| Long-Term Liabilities | 969,329,480 | 875,098,080 | 6,739,004 | 5,115,210 | 976,068,484 | 880,213,290 | |
| Other Liabilities | 53,913,407 | 52,548,625 | 113,554 | 101,666 | 54,026,961 | 52,650,291 | |
| Total Liabilities | 1,023,242,887 | 927,646,705 | 6,852,558 | 5,216,876 | 1,030,095,445 | 932,863,581 | 10.42% |
| Deferred Inflows of Resources | 13,911,817 | 37,741,537 | 247,398 | 455,864 | 14,159,215 | 38,197,401 | |
| Net Position: | | | | | | | |
| Net Investment in | | | | | | | |
| Capital Assets | 680,286,796 | 631,191,690 | 133,420 | 166,042 | 680,420,216 | 631,357,732 | |
| Restricted | 102,033,724 | 140,732,338 | - | - | 102,033,724 | 140,732,338 | |
| Unrestricted - FRS/HIS Pensions | (206,170,832) | (189,446,442) | (3,137,046) | (2,865,132) | (209,307,878) | (192,311,574) | |
| Unrestricted - Other | 6,903,530 | 6,328,210 | 3,285,574 | 2,733,726 | 10,189,104 | 9,061,936 | |
| Total Net Position | \$ 583,053,218 | \$ 588,805,796 | \$ 281,948 | \$ 34,636 | \$ 583,335,166 | \$ 588,840,432 | -0.93% |

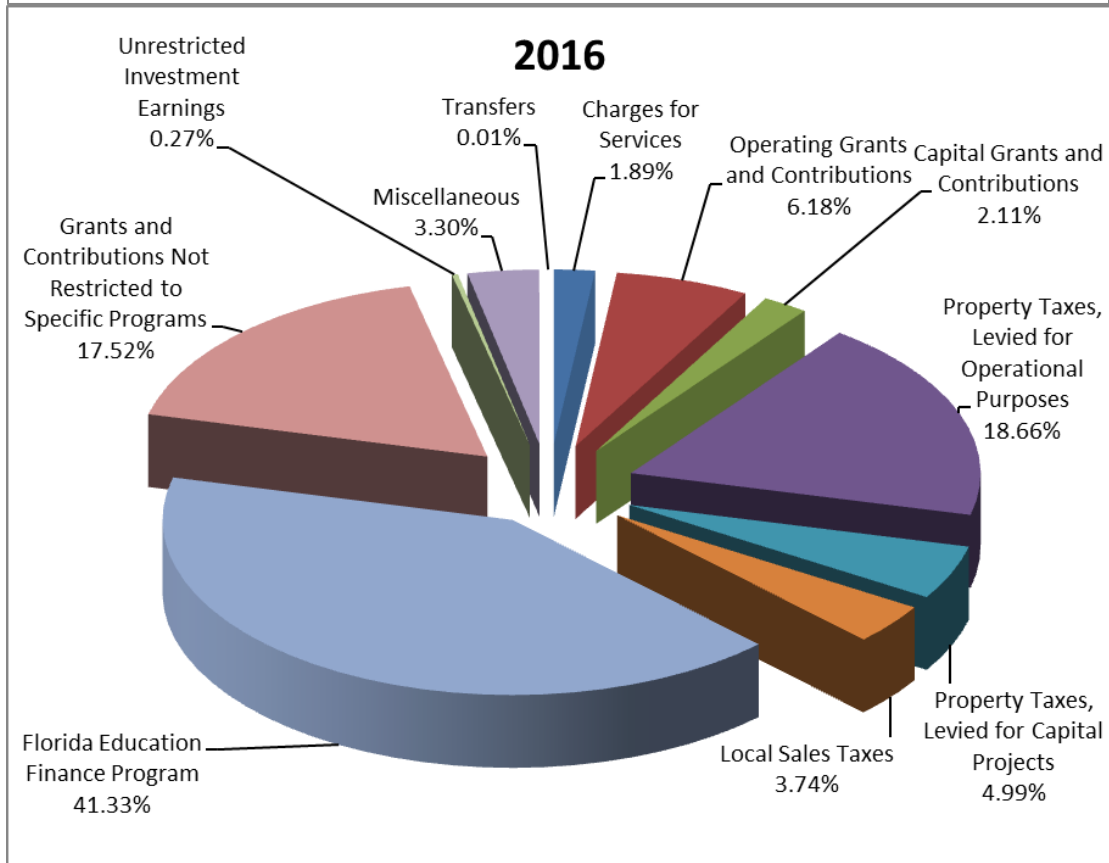
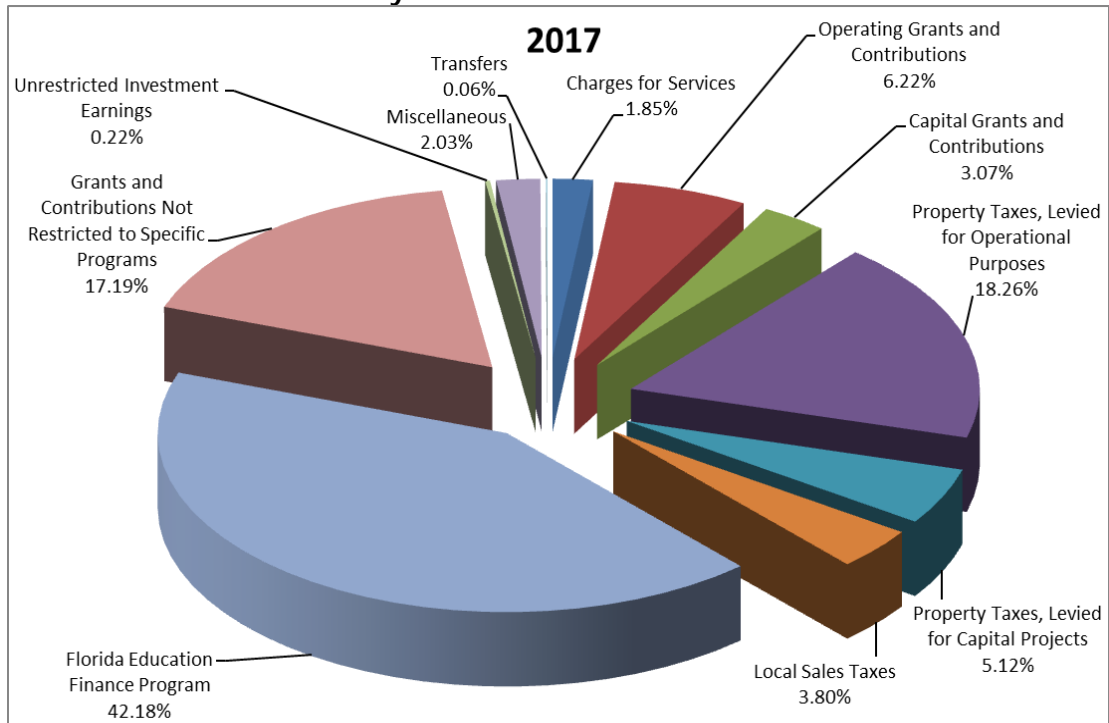
The largest portion of the District's net position (85.84 percent), exclusive of Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) pension amounts, reflects its net investment in capital assets (e.g. land, buildings, furniture and equipment, motor vehicles, software). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net position (12.87 percent), exclusive of FRS and HIS pension amounts, represents resources which are subject to external restrictions on how they may be used. The portion of unrestricted net position (1.29 percent), exclusive of FRS and HIS pension amounts, may be used to meet the government's ongoing obligations to students, employees and creditors.

The key elements of the changes in the District's net position for the fiscal year ended June 30, 2017, and June 30, 2016 are as follows:

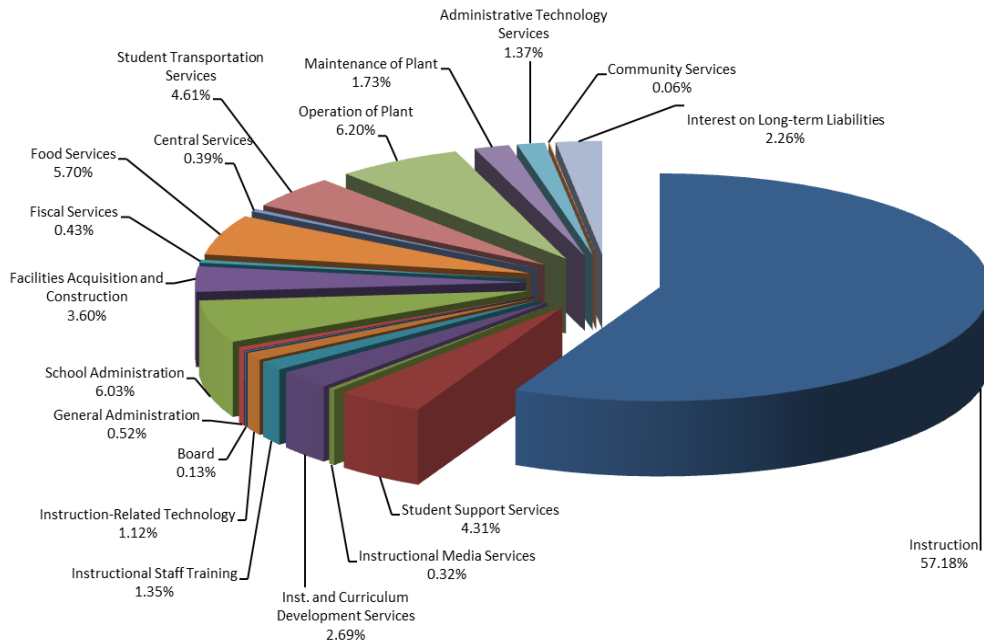
| Operating Results for the Year | | | | | | | |
|--|------------------------------------|-----------------------|-----------------------------------|-------------------|----------------------------------|-----------------------|---------------------|
| | Governmental Activities | | Business-type Activity | | Total School District | | % Change |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | |
| Revenues: | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for Services | \$ 13,138,858 | \$ 12,979,579 | \$ 11,077,724 | \$ 10,981,588 | \$ 24,216,582 | \$ 23,961,167 | 1.07% |
| Operating Grants and Contributions | 44,065,787 | 42,499,928 | - | - | 44,065,787 | 42,499,928 | 3.68% |
| Capital Grants and Contributions | 21,752,287 | 14,539,299 | - | - | 21,752,287 | 14,539,299 | 49.61% |
| General Revenues: | | | | | | | |
| Property Taxes, Levied for Operational Purposes | 129,369,699 | 128,319,631 | - | - | 129,369,699 | 128,319,631 | 0.82% |
| Property Taxes, Levied for Capital Projects | 36,291,600 | 34,313,082 | - | - | 36,291,600 | 34,313,082 | 5.77% |
| Local Sales Taxes | 26,942,544 | 25,738,211 | - | - | 26,942,544 | 25,738,211 | 4.68% |
| Florida Education Finance Program | 298,842,427 | 284,094,218 | - | - | 298,842,427 | 284,094,218 | 5.19% |
| Grants and Contributions not Restricted to Specific Programs | 121,835,263 | 120,489,916 | - | - | 121,835,263 | 120,489,916 | 1.12% |
| Unrestricted Investment Earnings | 1,532,310 | 1,824,994 | 19,651 | 10,665 | 1,551,961 | 1,835,659 | -15.45% |
| Miscellaneous | 14,408,081 | 22,699,580 | 259 | 284 | 14,408,340 | 22,699,864 | -36.53% |
| Transfers | 405,273 | 56,634 | (405,273) | (56,634) | - | - | 0.00% |
| Total Revenues and Transfers | 708,584,129 | 687,555,072 | 10,692,361 | 10,935,903 | 719,276,490 | 698,490,975 | 2.98% |
| Program Expenses: | | | | | | | |
| Instruction | 408,448,107 | 386,321,690 | - | - | 408,448,107 | 386,321,690 | 5.73% |
| Student Support Services | 30,820,513 | 27,878,254 | - | - | 30,820,513 | 27,878,254 | 10.55% |
| Instructional Media Services Inst. and Curriculum Development Services | 2,271,748 | 2,395,795 | - | - | 2,271,748 | 2,395,795 | -5.18% |
| Instructional Staff Training | 19,238,370 | 16,807,274 | - | - | 19,238,370 | 16,807,274 | 14.46% |
| Instruction-Related Technology | 9,608,442 | 7,168,371 | - | - | 9,608,442 | 7,168,371 | 34.04% |
| Board | 7,983,137 | 7,181,975 | - | - | 7,983,137 | 7,181,975 | 11.16% |
| General Administration | 932,028 | 593,665 | - | - | 932,028 | 593,665 | 57.00% |
| School Administration | 3,709,541 | 3,366,050 | - | - | 3,709,541 | 3,366,050 | 10.20% |
| Facilities Acquisition and Construction | 43,055,596 | 39,320,749 | - | - | 43,055,596 | 39,320,749 | 9.50% |
| Fiscal Services | 25,737,667 | 22,312,816 | - | - | 25,737,667 | 22,312,816 | 15.35% |
| Food Services | 3,092,802 | 2,789,717 | - | - | 3,092,802 | 2,789,717 | 10.86% |
| Central Services | 40,699,866 | 39,016,954 | - | - | 40,699,866 | 39,016,954 | 4.31% |
| Student Transportation Services | 2,817,157 | 12,010,763 | - | - | 2,817,157 | 12,010,763 | -76.54% |
| Operation of Plant | 32,940,721 | 29,927,606 | - | - | 32,940,721 | 29,927,606 | 10.07% |
| Maintenance of Plant | 44,284,504 | 45,765,410 | - | - | 44,284,504 | 45,765,410 | -3.24% |
| Administrative Technology Services | 12,375,243 | 11,374,941 | - | - | 12,375,243 | 11,374,941 | 8.79% |
| Community Services | 9,795,116 | 9,929,967 | - | - | 9,795,116 | 9,929,967 | -1.36% |
| Interest on Long-term Liabilities | 410,564 | 475,657 | 10,445,049 | 10,356,708 | 10,855,613 | 10,832,365 | 0.21% |
| Total Expenses | 714,336,707 | 680,148,432 | 10,445,049 | 10,356,708 | 724,781,756 | 690,505,140 | 4.96% |
| Change in Net Position | (5,752,578) | 7,406,640 | 247,312 | 579,195 | (5,505,266) | 7,985,835 | -168.94% |
| Net Position, Beginning | 588,805,796 | 581,399,156 | 34,636 | (544,559) | 588,840,432 | 580,854,597 | 1.37% |
| Net Position, Ending | \$ 583,053,218 | \$ 588,805,796 | \$ 281,948 | \$ 34,636 | \$ 583,335,166 | \$ 588,840,432 | -0.93% |

Governmental Activities Revenue by Source – Statement of Activities

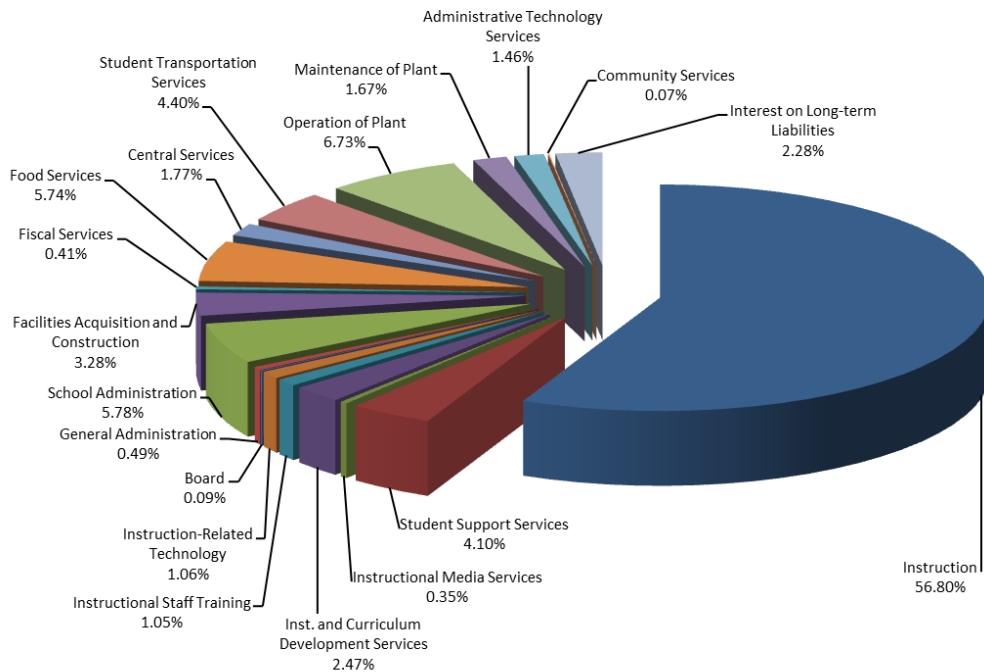


Governmental Activities Expenses by Function – Statement

2017



2016



Total revenues increased by \$20,785,515 primarily due to an increase in Florida Education Finance Program revenues received during the fiscal year. This \$14,748,209 increase was related to an increase in State funding per student and an increase in student FTE. Other increases include Property Tax revenues of \$3,028,586.

Total expenses increased by \$34,276,616, primarily due to a rise in instructional costs during the fiscal year. The portion of this overall increase related to salary adjustments and the related benefits was \$15,195,746.

The Business-type activities had total revenues of \$11,097,634 which exceeded total expenses and transfers out by \$247,312.

Financial Analysis of the Government 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 2016-2017 fiscal year, the District's governmental funds reported combined ending fund balances of \$204,464,510, a decrease of \$66,662,949, in comparison with the prior fiscal year. Approximately 25.65 percent of this total amount, or \$52,437,139, constitutes total assigned and unassigned fund balances, which are available for spending at the government's discretion within the purpose of each fund. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (non-major) funds as reported in the basic financial statements for the fiscal years ended June 30, 2017, and June 30, 2016.

| Fund Balance | 2017 | 2016 | Increase (Decrease) | Percentage Change |
|-------------------------------------|-----------------------|-----------------------|------------------------|----------------------|
| Major Governmental Funds: | | | | |
| General Fund | \$ 59,964,340 | \$ 56,742,004 | \$ 3,222,336 | 5.68% |
| Capital Projects - Other Funds | 92,966,598 | 166,202,915 | (73,236,317) | -44.06% |
| Other Governmental Funds (nonmajor) | 51,533,572 | 48,182,540 | 3,351,032 | 6.95% |
| Total Fund Balances | <u>\$ 204,464,510</u> | <u>\$ 271,127,459</u> | <u>\$ (66,662,949)</u> | <u>-24.59%</u> |

The General Fund is the chief operating fund of the District. At the end of the 2016-2017 fiscal year, the unassigned fund balance of the General Fund was \$26,708,735, while total fund balance reached \$59,964,340. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 5.01 percent of total General Fund expenditures, while total fund balance represents 11.26 percent. Fund balance of the District's General Fund increased by \$3,222,336 during the 2016-2017 fiscal year.

The following schedule shows the changes in General Fund revenues and other financing sources (uses) for the fiscal years ended June 30, 2017 and June 30, 2016:

| <u>General Fund Revenues and Other Financing Sources (Uses)</u> | <u>2017</u> | <u>2016</u> | <u>Increase (Decrease)</u> | <u>Percentage Change</u> |
|---|-----------------------|-----------------------|--------------------------------|------------------------------|
| Federal Direct Sources: | | | | |
| Reserve Officers Training Corps (ROTC) | \$ 547,328 | \$ 660,110 | \$ (112,782) | -17.09% |
| Federal Through State Sources: | | | | |
| Other Federal Through State Sources | 3,521,189 | 3,489,774 | 31,415 | 0.90% |
| State Sources | | | | |
| Florida Education Finance Program (FEFP) | 298,842,427 | 284,094,218 | 14,748,209 | 5.19% |
| Other Restricted State Sources | 88,437,107 | 87,352,266 | 1,084,841 | 1.24% |
| Local Sources: | | | | |
| Ad Valorem Taxes | 129,369,699 | 128,319,631 | 1,050,068 | 0.82% |
| Interest Income | 625,270 | 257,281 | 367,989 | 143.03% |
| Other Local Sources | 14,038,731 | 15,401,639 | (1,362,908) | -8.85% |
| Other Financing Sources | 428,787 | 722,837 | (294,050) | -40.68% |
| Total General Fund Revenues and Other Financing Sources | \$ 535,810,538 | \$ 520,297,756 | \$ 15,512,782 | 2.98% |

During the 2016-2017 fiscal year, Revenues and Other Financing Sources (Uses) increased by \$15,512,782, or 2.98 percent. The major impacts to funding were the State Legislature increase in Base Student Allocation and the increase in the number of unweighted full-time equivalent students on the fourth calculation.

The following schedule shows the changes in General Fund expenditures by object for the fiscal years ended June 30, 2017 and June 30, 2016:

| <u>General Fund - Expenditures by Object</u> | <u>2017</u> | <u>2016</u> | <u>Increase (Decrease)</u> | <u>Percentage Change</u> |
|--|-----------------------|-----------------------|--------------------------------|------------------------------|
| Salaries | \$ 331,137,542 | \$ 323,057,774 | \$ 8,079,768 | 2.50% |
| Employee Benefits | 111,369,287 | 105,851,880 | 5,517,407 | 5.21% |
| Purchased Services | 58,956,784 | 54,376,511 | 4,580,273 | 8.42% |
| Energy Services | 12,098,339 | 12,171,181 | (72,842) | -0.60% |
| Materials and Supplies | 11,393,130 | 15,998,547 | (4,605,417) | -28.79% |
| Capital Outlay | 1,184,628 | 1,738,381 | (553,753) | -31.85% |
| Other Expenditures | 6,448,492 | 6,381,150 | 67,342 | 1.06% |
| Total General Fund Expenditures | \$ 532,588,202 | \$ 519,575,424 | \$ 13,012,778 | 2.50% |

General Fund expenditures increased by \$13,012,778 or 2.50 percent. The following are some of the highlights:

- Salaries increased by \$8,079,768 which reflects salary increases and additional allocations
- Employee Benefits increased by \$5,517,407 due to an increase in insurance and retirement costs
- Purchased Services increased by \$4,580,273 primarily due to an increase in Charter School enrollment
- Materials and Supplies decreased by \$4,605,417 due to a decrease in textbook adoptions

The following schedule shows the changes in General Fund expenditures by function for the fiscal years ended June 30, 2017 and June 30, 2016:

| <u>General Fund Expenditures by Function</u> | <u>2017</u> | <u>2016</u> | <u>Increase (Decrease)</u> | <u>Percentage Change</u> |
|--|-----------------------|-----------------------|--------------------------------|------------------------------|
| Instruction | \$ 330,996,764 | \$ 323,188,032 | \$ 7,808,732 | 2.42% |
| Student Support Services | 26,145,288 | 24,344,499 | 1,800,789 | 7.40% |
| Instructional Media Services | 2,460,802 | 2,587,708 | (126,906) | -4.90% |
| Inst. and Curriculum Development Services | 12,684,055 | 11,260,532 | 1,423,523 | 12.64% |
| Instructional Staff Training Services | 3,204,399 | 2,639,403 | 564,996 | 21.41% |
| Instruction-Related Technology | 7,068,610 | 6,901,007 | 167,603 | 2.43% |
| Board | 659,516 | 488,912 | 170,604 | 34.89% |
| General Administration | 1,412,717 | 1,199,612 | 213,105 | 17.76% |
| School Administration | 39,358,666 | 38,195,861 | 1,162,805 | 3.04% |
| Facilities Acquisition and Construction | 3,072,028 | 2,532,726 | 539,302 | 21.29% |
| Fiscal Services | 2,850,360 | 2,694,374 | 155,986 | 5.79% |
| Food Services | 70,689 | 287,694 | (217,005) | -75.43% |
| Central Services | 7,408,148 | 7,536,836 | (128,688) | -1.71% |
| Student Transportation Services | 30,969,810 | 29,121,095 | 1,848,715 | 6.35% |
| Operation of Plant | 42,685,819 | 45,418,565 | (2,732,746) | -6.02% |
| Maintenance of Plant | 11,520,471 | 10,953,816 | 566,655 | 5.17% |
| Administrative Technology Services | 8,988,265 | 9,217,589 | (229,324) | -2.49% |
| Community Services | 416,265 | 434,922 | (18,657) | -4.29% |
| Capital Outlay | 615,530 | 572,241 | 43,289 | 7.56% |
| Total General Fund Expenditures | \$ 532,588,202 | \$ 519,575,424 | \$ 13,012,778 | 2.50% |

The *Capital Projects Other Fund*, which is used to account for capital project activity funded by sources such as Certificates of Participation, Sales Tax, Impact Fees and capital leases, has a total fund balance of \$92,966,598, of which \$89,135,571 is restricted for specific capital projects and \$3,831,027 is non-spendable inventory. The net decrease in fund balance in the Capital Projects Other Fund was \$73,236,317 and resulted primarily from expenditures to open a new elementary school, Bexley Elementary and a new combination middle and high school, Cypress Creek Middle/High School. In addition, the construction of a new Compressed Natural Gas Station/Bus Garage combination was completed, and expenditures were made toward the major renovations of both Land O' Lakes High and Woodland Elementary. It should also be noted that \$43,479,334 of the total fund balance has been encumbered under specific engineering, technology, and construction contracts in progress at year-end.

General Fund Budgetary Highlights

During the fiscal year, the District revised its budget and brought monthly amendments to the Board for approval. The following schedule shows the changes in the General Fund revenues and other financing sources (uses), budget and actual:

| General Fund Revenues and Other Financing Sources (Uses) | Original Budget | Final Budget | Actual 2017 | Final -Original Budget Inc (Dec) | Actual - Final Budget Inc (Dec) |
|--|-----------------------|-----------------------|-----------------------|--|---------------------------------------|
| Federal Direct Sources: | | | | | |
| Reserve Officers Training Corps (ROTC) | \$ 577,256 | \$ 591,971 | \$ 547,328 | \$ 14,715 | \$ (44,643) |
| Federal Through State Sources: | | | | | |
| Other Federal Through State Sources | 3,700,000 | 3,700,000 | 3,521,189 | - | (178,811) |
| State Sources | | | | | |
| Florida Education Finance Program (FEFP) | 302,056,867 | 298,842,427 | 298,842,427 | (3,214,440) | - |
| Other Restricted State Sources | 87,711,566 | 88,618,761 | 88,437,107 | 907,195 | (181,654) |
| Local Sources: | | | | | |
| Ad Valorem Taxes | 127,891,881 | 127,891,881 | 129,369,699 | - | 1,477,818 |
| Interest Income | 500,000 | 500,000 | 625,270 | - | 125,270 |
| Other Local Sources | 13,681,937 | 13,874,162 | 14,038,731 | 192,225 | 164,569 |
| Other Financing Sources | 1,296,869 | 1,120,164 | 428,787 | (176,705) | (691,377) |
| Total General Fund Revenues and Other Financing Sources | \$ 537,416,376 | \$ 535,139,366 | \$ 535,810,538 | \$ (2,277,010) | \$ 671,172 |

The General Fund actual revenues were more than the final budgeted revenues, excluding Other Financing Sources (Uses), by \$1,362,549. This difference was primarily due to a higher than expected collection rate on Ad Valorem Taxes. The General Fund final budget revenues, excluding Other Financing Sources, decreased by \$2,100,305 over the original budget due to changes in enrollment and other state calculation adjustments during the year.

The following schedule shows the changes in the General Fund Budget appropriations and actual:

| General Fund Expenditures by Function | Original Budget | Final Budget | Actual 2017 | Final -Original Budget Inc (Dec) | Actual - Final Budget Inc (Dec) |
|---|-----------------------|-----------------------|-----------------------|--|---------------------------------------|
| Instruction | \$ 334,761,223 | \$ 343,861,191 | \$ 330,996,764 | \$ 9,099,968 | \$ (12,864,427) |
| Student Support Services | 25,141,577 | 26,422,509 | 26,145,288 | 1,280,932 | (277,221) |
| Instructional Media Services | 3,254,563 | 3,084,695 | 2,460,802 | (169,868) | (623,893) |
| Inst. and Curriculum Development Services | 13,395,134 | 13,086,705 | 12,684,055 | (308,429) | (402,650) |
| Instructional Staff Training Services | 3,544,277 | 3,505,279 | 3,204,399 | (38,998) | (300,880) |
| Instruction-Related Technology | 7,157,891 | 7,115,239 | 7,068,610 | (42,652) | (46,629) |
| Board | 2,851,598 | 1,039,531 | 659,516 | (1,812,067) | (380,015) |
| General Administration | 1,094,764 | 1,488,058 | 1,412,717 | 393,294 | (75,341) |
| School Administration | 38,757,266 | 39,810,330 | 39,358,666 | 1,053,064 | (451,664) |
| Facilities Acquisition and Construction | 3,283,908 | 3,596,998 | 3,072,028 | 313,090 | (524,970) |
| Fiscal Services | 3,639,452 | 3,220,921 | 2,850,360 | (418,531) | (370,561) |
| Food Services | - | 72,445 | 70,689 | 72,445 | (1,756) |
| Central Services | 8,480,492 | 8,467,336 | 7,408,148 | (13,156) | (1,059,188) |
| Student Transportation Services | 29,595,442 | 36,707,382 | 30,969,810 | 7,111,940 | (5,737,572) |
| Operation of Plant | 44,201,620 | 44,670,967 | 42,685,819 | 469,347 | (1,985,148) |
| Maintenance of Plant | 11,348,995 | 12,530,870 | 11,520,471 | 1,181,875 | (1,010,399) |
| Administrative Technology Services | 9,979,894 | 10,337,365 | 8,988,265 | 357,471 | (1,349,100) |
| Community Services | 533,577 | 546,393 | 416,265 | 12,816 | (130,128) |
| Capital Outlay | - | - | 615,530 | - | 615,530 |
| Total General Fund Expenditures | \$ 541,021,673 | \$ 559,564,214 | \$ 532,588,202 | \$ 18,542,541 | \$ (26,976,012) |

The General Fund actual expenditures were less than the final budgeted appropriations by \$26,976,012. There were many approved but unfilled teaching and transportation positions. Diesel fuel was \$4.5 million below budget. The General Fund final budget appropriations increased by \$18,542,541 over the original budget due primarily to salary and benefit increases.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2017, amounts to \$1,144,607,564. This investment in capital assets includes land, construction in progress, improvements other than buildings, buildings and fixed equipment, furniture, fixtures and equipment, motor vehicles, audio visual materials, and computer software. Major capital asset events during the current fiscal year ended June 30, 2017, including construction of Bexley Elementary and Cypress Creek Middle/High School opening for the 2017-2018 school year, as well as continuing progress on the following items that were also included in Construction in Progress at fiscal year-end: the major renovations to Land O' Lakes High and Woodland Elementary.

The following is a summary of the District's capital assets as of June 30, 2017:

| <u>Capital Assets (net of depreciation)</u> | | | | | | | |
|--|------------------------------------|--------------------------------|-----------------------------------|--------------------------|----------------------------------|--------------------------------|----------------------|
| | Governmental Activities | | Business-type Activity | | Total School District | | Percentage |
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>Change</u> |
| Land | \$ 81,688,175 | \$ 81,505,202 | \$ - | \$ - | \$ 81,688,175 | \$ 81,505,202 | 0.22% |
| Construction in Progress | 120,439,513 | 95,388,252 | - | - | 120,439,513 | 95,388,252 | 26.26% |
| Improvements Other Than Buildings | 22,207,087 | 22,199,480 | 17,433 | 19,061 | 22,224,520 | 22,218,541 | 0.03% |
| Buildings and Fixed Equipment | 860,506,902 | 826,820,471 | 13,269 | 14,825 | 860,520,171 | 826,835,296 | 4.07% |
| Furniture, Fixtures and Equipment | 34,968,844 | 33,297,833 | 93,923 | 124,861 | 35,062,767 | 33,422,694 | 4.91% |
| Motor Vehicles | 17,426,512 | 14,243,670 | - | - | 17,426,512 | 14,243,670 | 22.35% |
| Audio Visual Materials | 15,589 | 17,004 | - | - | 15,589 | 17,004 | -8.32% |
| Computer Software | 7,221,522 | 7,761,606 | 8,795 | 7,295 | 7,230,317 | 7,768,901 | -6.93% |
| Total | <u>\$ 1,144,474,144</u> | <u>\$ 1,081,233,518</u> | <u>\$ 133,420</u> | <u>\$ 166,042</u> | <u>\$ 1,144,607,564</u> | <u>\$ 1,081,399,560</u> | 5.85% |

Additional information on the District's capital assets can be found in the notes to the financial statements in Note 5 - Changes in Capital Assets on pages 60 and 61.

Long-term Debt

As of June 30, 2017, the District has total long-term debt outstanding of \$498,561,653. This amount is comprised of \$126,308,435 of bonds payable, \$354,936,552 of certificates of participation and \$17,316,666 of obligations under capital leases.

The following is a summary of the District's long-term debt as of June 30, 2017:

| <u>Outstanding Long-Term Debt</u> | | | | |
|--|------------------------------|------------------------------|-------------------------------|----------------------|
| | Total School District | | Increase | Percentage |
| | <u>2017</u> | <u>2016</u> | <u>(Decrease)</u> | <u>Change</u> |
| Obligations Under Capital Leases | \$ 17,316,666 | \$ 11,487,471 | \$ 5,829,195 | 50.74% |
| SBE Bonds | 8,497,480 | 9,887,266 | (1,389,786) | -14.06% |
| District Revenue Bonds | 2,442,818 | 2,545,807 | (102,989) | -4.05% |
| Sales Tax Revenue Bonds | 115,368,137 | 127,361,057 | (11,992,920) | -9.42% |
| Certificates of Participation | 354,936,552 | 369,048,086 | (14,111,534) | -3.82% |
| Total | <u>\$ 498,561,653</u> | <u>\$ 520,329,687</u> | <u>\$ (21,768,034)</u> | -4.18% |

The District received ratings of A1 from Moody's and A+ from Fitch on its Certificates of Participation. The underlying rating for the Sales Tax Revenue Bonds, Series 2013, is A1 from Moody's and A+ from Fitch.

Additional information on the District's long-term debt can be found in the notes to the financial statements in Note 11 – Changes in Long Term Liabilities on page 72.

Outlook for the Future

At the time these basic financial statements were prepared and audited, the District was not aware of material instances that could significantly affect its financial health in the future. However, the future financial stability of the District is not without challenges.

The first challenge and continuous endeavor is for management to ensure resources can be preserved as long as possible. Management utilizes the General Fund budget and the five-year capital outlay plan as tools to manage resources effectively.

A second challenge facing the District is the local economy. It is important to note that if the growth patterns in student population change so a greater or lesser number of students enter the District than currently anticipated, adjustments will be made to the financial models upon which assumptions have been made. In addition, changes in economic conditions, such as an economic slowdown, could result in revenue forecasts being revised downward and a reduction in estimated funding sources.

Requests for Information

These financial statements are designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided or requests for additional financial information should be addressed to:

Director of Finance Services
District School Board of Pasco County
7227 Land O' Lakes Boulevard
Land O' Lakes, Florida 34638

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BASIC FINANCIAL STATEMENTS



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District School Board of Pasco County
Statement of Net Position
June 30, 2017

Exhibit A

| | Primary Government | | | Component Units |
|---|----------------------------|---------------------------|-------------------------|----------------------|
| | Governmental Activities | Business-type Activity | Total | |
| ASSETS: | | | | |
| Cash | \$ 41,065,269 | \$ 1,916,736 | \$ 42,982,005 | \$ 3,547,600 |
| Cash with Fiscal Agent | 1,925,520 | - | 1,925,520 | - |
| Investments | 228,373,324 | 3,107,806 | 231,481,130 | 4,813,716 |
| Accounts Receivable | 2,035,369 | 100,666 | 2,136,035 | 175,062 |
| Accrued Interest Receivable | 165,168 | 1,991 | 167,159 | - |
| Deposits Receivable | - | - | - | 16,668 |
| Due From Other Agencies | 19,332,190 | - | 19,332,190 | 161,884 |
| Inventories | 8,231,140 | - | 8,231,140 | - |
| Prepaid Items | 88,713 | - | 88,713 | 2,018,092 |
| Capital Credits Receivable | 5,104,119 | - | 5,104,119 | - |
| Net Pension Asset - SERP | 3,050,099 | - | 3,050,099 | - |
| Capital Assets (net of accumulated depreciation): | | | | |
| Land | 81,688,175 | - | 81,688,175 | 1,939,534 |
| Construction in Progress | 120,439,513 | - | 120,439,513 | 2,689,099 |
| Improvements Other Than Buildings | 22,207,087 | 17,433 | 22,224,520 | 234,070 |
| Leasehold Property and Improvements | - | - | - | 733,836 |
| Buildings and Fixed Equipment | 860,506,902 | 13,269 | 860,520,171 | 11,416,244 |
| Furniture, Fixtures, and Equipment | 34,968,844 | 93,923 | 35,062,767 | 662,866 |
| Motor Vehicles | 17,426,512 | - | 17,426,512 | 310,183 |
| Audio Visual Materials | 15,589 | - | 15,589 | - |
| Computer Software | 7,221,522 | 8,795 | 7,230,317 | 33,012 |
| Total Assets | <u>1,453,845,055</u> | <u>5,260,619</u> | <u>1,459,105,674</u> | <u>28,751,866</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Accumulated Decrease in Fair Value of | | | | |
| Hedging Derivatives | 15,563,983 | - | 15,563,983 | - |
| Deferred Amount - Bond Refunding | 6,132,720 | - | 6,132,720 | - |
| Deferred Amount - Pension SERP | 891,597 | - | 891,597 | - |
| Deferred Amount - Pension FRS / HIS | 143,774,567 | 2,121,285 | 145,895,852 | 537,162 |
| Total Deferred Outflows of Resources | <u>166,362,867</u> | <u>2,121,285</u> | <u>168,484,152</u> | <u>537,162</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u>\$ 1,620,207,922</u> | <u>\$ 7,381,904</u> | <u>\$ 1,627,589,826</u> | <u>\$ 29,289,028</u> |

(continued)

| | Primary Government | | | |
|--|----------------------------|---------------------------|------------------|--------------------|
| | Governmental Activities | Business-type Activity | Total | Component Units |
| LIABILITIES: | | | | |
| Salaries and Benefits Payable | \$ 4,156,076 | \$ - | \$ 4,156,076 | \$ 931,516 |
| Payroll Deductions and Withholdings Payable | 4,947,560 | - | 4,947,560 | - |
| Accounts Payable | 31,944,584 | 7,071 | 31,951,655 | 599,432 |
| Construction Contracts Payable | 1,278,450 | - | 1,278,450 | - |
| Construction Contracts Payable-Retainage | 4,880,237 | - | 4,880,237 | 206,319 |
| Due to Other Agencies | 1,031 | - | 1,031 | - |
| Sales Tax Payable | 1,392 | 2,980 | 4,372 | - |
| Deposits Payable | 52,497 | - | 52,497 | - |
| Accrued Interest Payable | 4,779,223 | - | 4,779,223 | 26,538 |
| Advanced Revenue | 1,872,357 | 103,503 | 1,975,860 | 4,800 |
| Non-Current Liabilities Due Within One Year: | | | | |
| Notes Payable | - | - | - | 592,218 |
| Bonds Payable | 14,524,004 | - | 14,524,004 | 5,850 |
| Certificates of Participation Payable | 15,539,016 | - | 15,539,016 | - |
| Obligations Under Capital Leases | 5,181,871 | - | 5,181,871 | 80,017 |
| Estimated Insurance Claims Payable | 2,427,000 | - | 2,427,000 | - |
| Compensated Absences Payable | 1,394,091 | - | 1,394,091 | 111,201 |
| Long-Term Debt and Liabilities: | | | | |
| Notes Payable | - | - | - | 7,518,086 |
| Bonds Payable | 111,784,431 | - | 111,784,431 | 10,086,365 |
| Certificates of Participation Payable | 339,397,536 | - | 339,397,536 | - |
| Obligations Under Capital Leases | 12,134,795 | - | 12,134,795 | 36,341 |
| Estimated Insurance Claims Payable | 4,325,000 | - | 4,325,000 | - |
| Compensated Absences Payable | 38,247,902 | 533,403 | 38,781,305 | - |
| Other Post-Employment Benefits Obligation | 69,485,227 | 1,194,668 | 70,679,895 | - |
| Net Pension Liability - FRS / HIS | 339,324,624 | 5,010,933 | 344,335,557 | 555,101 |
| Derivatives Swap Liability | 15,563,983 | - | 15,563,983 | - |
| Total Liabilities | 1,023,242,887 | 6,852,558 | 1,030,095,445 | 20,753,784 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Amount - Pension SERP | 3,291,042 | - | 3,291,042 | - |
| Deferred Amount - Pension FRS / HIS | 10,620,775 | 247,398 | 10,868,173 | 3,472 |
| Total Deferred Inflows of Resources | 13,911,817 | 247,398 | 14,159,215 | 3,472 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | 1,037,154,704 | 7,099,956 | 1,044,254,660 | 20,757,256 |
| NET POSITION: | | | | |
| Net Investment in Capital Assets | 680,286,796 | 133,420 | 680,420,216 | (198,045) |
| Restricted for: | | | | |
| State Categorical Programs | 4,089,246 | - | 4,089,246 | - |
| Debt Service | 10,534,822 | - | 10,534,822 | 2,508,026 |
| Capital Projects | 79,865,790 | - | 79,865,790 | - |
| Special Revenue-Food Service | 7,543,866 | - | 7,543,866 | - |
| Other Purposes | - | - | - | 2,114,116 |
| Non-expendable-Permanent Endowment | - | - | - | 2,027,076 |
| Unrestricted | (199,267,302) | 148,528 | (199,118,774) | 2,080,599 |
| Total Net Position | 583,053,218 | 281,948 | 583,335,166 | 8,531,772 |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION | \$ 1,620,207,922 | \$ 7,381,904 | \$ 1,627,589,826 | \$ 29,289,028 |

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

District School Board of Pasco County
Statement of Activities
For the Fiscal Year Ended June 30, 2017

| Functions/Programs: | Expenses | Program Revenues | | |
|---|----------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| Instruction | \$ 408,448,107 | \$ 508,294 | \$ - | \$ - |
| Student Support Services | 30,820,513 | - | - | - |
| Instructional Media Services | 2,271,748 | - | - | - |
| Instruction and Curriculum Development Services | 19,238,370 | - | - | - |
| Instructional Staff Training Services | 9,608,442 | - | - | - |
| Instruction-Related Technology | 7,983,137 | - | - | - |
| Board | 932,028 | - | - | - |
| General Administration | 3,709,541 | - | - | - |
| School Administration | 43,055,596 | - | - | - |
| Facilities Acquisition and Construction | 25,737,667 | - | - | 18,806,229 |
| Fiscal Services | 3,092,802 | - | - | - |
| Food Services | 40,699,866 | 11,419,572 | 28,176,598 | - |
| Central Services | 2,817,157 | - | - | - |
| Student Transportation Services | 32,940,721 | 1,210,992 | 15,889,189 | - |
| Operation of Plant | 44,284,504 | - | - | - |
| Maintenance of Plant | 12,375,243 | - | - | - |
| Administrative Technology Services | 9,795,116 | - | - | - |
| Community Services | 410,564 | - | - | - |
| Interest on Long-term Liabilities | 16,115,585 | - | - | 2,946,058 |
| Total Governmental Activities | 714,336,707 | 13,138,858 | 44,065,787 | 21,752,287 |
| Business-Type Activities: | | | | |
| PLACE Program | 9,853,988 | 10,510,012 | - | - |
| Vending Program | 591,061 | 567,712 | - | - |
| Total Business-Type Activities | 10,445,049 | 11,077,724 | - | - |
| Total Primary Government | \$ 724,781,756 | \$ 24,216,582 | \$ 44,065,787 | \$ 21,752,287 |
| Component Units: | | | | |
| Educational Foundation/Charter Schools | \$ 33,685,567 | \$ 554,721 | \$ 407,793 | \$ 967,122 |

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Transfers:

Total General Revenues and Transfers

Change in Net Position

Net Position, July 1, 2016

Net Position, June 30, 2017

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------------|------------------|--------------------|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| \$ (407,939,813) | \$ - | \$ (407,939,813) | \$ - |
| (30,820,513) | - | (30,820,513) | - |
| (2,271,748) | - | (2,271,748) | - |
| (19,238,370) | - | (19,238,370) | - |
| (9,608,442) | - | (9,608,442) | - |
| (7,983,137) | - | (7,983,137) | - |
| (932,028) | - | (932,028) | - |
| (3,709,541) | - | (3,709,541) | - |
| (43,055,596) | - | (43,055,596) | - |
| (6,931,438) | - | (6,931,438) | - |
| (3,092,802) | - | (3,092,802) | - |
| (1,103,696) | - | (1,103,696) | - |
| (2,817,157) | - | (2,817,157) | - |
| (15,840,540) | - | (15,840,540) | - |
| (44,284,504) | - | (44,284,504) | - |
| (12,375,243) | - | (12,375,243) | - |
| (9,795,116) | - | (9,795,116) | - |
| (410,564) | - | (410,564) | - |
| (13,169,527) | - | (13,169,527) | - |
| (635,379,775) | - | (635,379,775) | - |
| - | 656,024 | 656,024 | - |
| - | (23,349) | (23,349) | - |
| - | 632,675 | 632,675 | - |
| (635,379,775) | 632,675 | (634,747,100) | - |
| - | - | - | (31,755,931) |
| 129,369,699 | - | 129,369,699 | - |
| 36,291,600 | - | 36,291,600 | - |
| 26,942,544 | - | 26,942,544 | - |
| 420,677,690 | - | 420,677,690 | 28,612,258 |
| 1,532,310 | 19,651 | 1,551,961 | 217,604 |
| 14,408,081 | 259 | 14,408,340 | 3,248,378 |
| 405,273 | (405,273) | - | - |
| 629,627,197 | (385,363) | 629,241,834 | 32,078,240 |
| (5,752,578) | 247,312 | (5,505,266) | 322,309 |
| 588,805,796 | 34,636 | 588,840,432 | 8,209,463 |
| \$ 583,053,218 | \$ 281,948 | \$ 583,335,166 | \$ 8,531,772 |

District School Board of Pasco County
Balance Sheet
Governmental Funds
June 30, 2017

| | General | Major Funds Capital Projects | Special Revenue | | |
|---|------------------------------|---------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| | Primary Operating Fund | Other Funds | Other Federal Programs Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| ASSETS: | | | | | |
| Cash | \$ 4,313,220 | \$ 5,206,465 | \$ 14,174 | \$ 16,511,705 | \$ 26,045,564 |
| Cash with Fiscal Agent | - | 4,716 | - | 5,550,804 | 5,555,520 |
| Investments | 56,774,493 | 91,942,322 | - | 28,035,142 | 176,751,957 |
| Accounts Receivable | 1,837,875 | 637 | - | 20,821 | 1,859,333 |
| Accrued Interest Receivable | 36,160 | 83,440 | - | 12,495 | 132,095 |
| Due from Other Funds | 7,329,987 | - | - | - | 7,329,987 |
| Due from Other Agencies | 2,891,775 | 6,688,440 | 5,586,409 | 3,414,137 | 18,580,761 |
| Inventories | 3,349,242 | 3,831,027 | - | 1,050,871 | 8,231,140 |
| Prepaid Items | 88,713 | - | - | - | 88,713 |
| TOTAL ASSETS | \$ 76,621,465 | \$ 107,757,047 | \$ 5,600,583 | \$ 54,595,975 | \$ 244,575,070 |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Salaries and Benefits Payable | \$ 4,152,535 | \$ - | \$ 3,527 | \$ - | \$ 4,156,062 |
| Payroll Deductions and Withholdings Payable | 4,875,126 | - | - | - | 4,875,126 |
| Accounts Payable | 7,520,635 | 8,046,308 | 325,399 | 710,471 | 16,602,813 |
| Construction Contracts Payable | - | 1,264,953 | - | 13,497 | 1,278,450 |
| Construction Contracts Payable-Retainage | - | 4,858,861 | - | 21,376 | 4,880,237 |
| Due to Other Funds | - | - | 5,257,483 | 1,321,075 | 6,578,558 |
| Due to Other Agencies | - | - | 1,031 | - | 1,031 |
| Sales Tax Payable | 1,392 | - | - | - | 1,392 |
| Deposits Payable | 52,497 | - | - | - | 52,497 |
| Accrued Interest Payable | - | - | - | 58,863 | 58,863 |
| Advanced Revenue | 54,940 | 620,327 | 13,143 | 937,121 | 1,625,531 |
| Total Liabilities | 16,657,125 | 14,790,449 | 5,600,583 | 3,062,403 | 40,110,560 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories: | | | | | |
| General Fund | 3,349,242 | - | - | - | 3,349,242 |
| Capital Projects Other | - | 3,831,027 | - | - | 3,831,027 |
| Special Revenue-Food Service | - | - | - | 1,050,871 | 1,050,871 |
| Prepaid Items: | | | | | |
| General Fund | 88,713 | - | - | - | 88,713 |
| Restricted: | | | | | |
| Categorical Programs | 4,089,246 | - | - | - | 4,089,246 |
| Special Revenue-Food Service | - | - | - | 6,492,995 | 6,492,995 |
| Debt Service | - | - | - | 18,885,182 | 18,885,182 |
| Capital Projects | - | 89,135,571 | - | 25,104,524 | 114,240,095 |
| Assigned: | | | | | |
| School Operations: | | | | | |
| School and Local Programs | 22,506,068 | - | - | - | 22,506,068 |
| Next Year Budget | 3,222,336 | - | - | - | 3,222,336 |
| Unassigned Fund Balance | 26,708,735 | - | - | - | 26,708,735 |
| Total Fund Balances | 59,964,340 | 92,966,598 | - | 51,533,572 | 204,464,510 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 76,621,465 | \$ 107,757,047 | \$ 5,600,583 | \$ 54,595,975 | \$ 244,575,070 |

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

District School Board of Pasco County
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances for total governmental funds (page 26). \$ 204,464,510

Amounts reported for governmental activities in the statement of net position (page 23)
are different because:

Non-current assets do not represent current financial resources and, therefore,
are not reported in the governmental funds.

Non-current assets at year-end consist of:

| | | |
|--|---------------|---------------|
| Capital Credits Receivable | \$ 5,104,119 | |
| Net Pension Asset - SERP | 3,050,099 | |
| Capital Assets (net of accumulated depreciation) | 1,144,469,582 | 1,152,623,800 |

Deferred outflows of resources are reported as a result of:

| | | |
|--|-------------|-------------|
| Changes in fair value of Hedging Derivatives | 15,563,983 | |
| Deferred Amounts on Bond Refundings | 6,132,720 | |
| Deferred Amounts for Pension - SERP | 891,597 | |
| Deferred Amounts for Pension - FRS / HIS | 143,774,567 | 166,362,867 |

Interest on long-term debt is accrued as a liability in the government-wide statements,
but is not recognized in the governmental funds until due. (4,720,360)

Long-term liabilities are not due and payable in the current period, therefore,
are not reported in the governmental funds.

Long-term liabilities at year-end consist of:

| | | |
|---|---------------|---------------|
| Bonds Payable | (126,308,435) | |
| Certificates of Participation Payable | (354,936,552) | |
| Obligations Under Capital Leases | (17,316,666) | |
| Compensated Absences Payable | (39,326,478) | |
| Other Post-employment Benefits Obligation | (69,219,713) | |
| Net Pension Liability FRS / HIS | (338,095,347) | |
| Derivative Swap Liability | (15,563,983) | (960,767,174) |

Deferred inflows of resources are reported as a result of :

| | | |
|--|--------------|--------------|
| Deferred Amounts for Pension - SERP | (3,291,042) | |
| Deferred Amounts for Pension - FRS / HIS | (10,620,775) | (13,911,817) |

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. 42,631,392

Cash with Fiscal Agent to be used for advanced refunding of SBE Bonds defeased at year end (3,630,000)

Total Net Position - Governmental Activities \$ 583,053,218

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

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

| | General | Major Funds | Special Revenue | | |
|--|--------------------|-------------------|-------------------|-------------------|--------------------|
| | Primary | Capital Projects | Other | Nonmajor | Total |
| | Operating | Other | Federal Programs | Governmental | Governmental |
| | Fund | Funds | Fund | Funds | Funds |
| Revenues: | | | | | |
| Federal Sources: | | | | | |
| Federal Direct | \$ 547,328 | \$ - | \$ 7,074,957 | \$ 559,363 | \$ 8,181,648 |
| Federal Through State | 3,521,189 | - | 37,404,732 | 27,798,916 | 68,724,837 |
| State Sources: | | | | | |
| Florida Education Finance Program | 298,842,427 | - | - | - | 298,842,427 |
| Public Education Capital Outlay | - | - | - | 3,384,042 | 3,384,042 |
| Food Services | - | - | - | 377,682 | 377,682 |
| SBE/COBI Bond Interest | - | - | - | 470 | 470 |
| CO & DS Withheld for State Education Bonds | - | - | - | 1,723,869 | 1,723,869 |
| CO & DS Interest | - | - | - | 47,343 | 47,343 |
| CO & DS Distributed | - | - | - | 1,130,902 | 1,130,902 |
| Racing Commission Funds | - | - | - | 223,250 | 223,250 |
| State Grants and Other | 88,437,107 | - | - | - | 88,437,107 |
| Local Sources: | | | | | |
| Property Taxes | 129,369,699 | - | - | 36,291,600 | 165,661,299 |
| Local Sales Taxes | - | 26,942,544 | - | - | 26,942,544 |
| Impact Fees | - | 15,422,187 | - | - | 15,422,187 |
| Food Services | - | - | - | 10,477,201 | 10,477,201 |
| Investment Earnings | 625,270 | 854,602 | - | 52,438 | 1,532,310 |
| Local Grants and Other | 14,038,731 | 302,245 | - | 1,584,188 | 15,925,164 |
| Total Revenues | 535,381,751 | 43,521,578 | 44,479,689 | 83,651,264 | 707,034,282 |
| Expenditures: | | | | | |
| Current-Education: | | | | | |
| Instruction | 330,996,764 | - | 24,846,071 | - | 355,842,835 |
| Student Support Services | 26,145,288 | - | 3,453,123 | - | 29,598,411 |
| Instructional Media Services | 2,460,802 | - | 18,634 | - | 2,479,436 |
| Inst. and Curriculum Development Services | 12,684,055 | - | 5,414,299 | - | 18,098,354 |
| Instructional Staff Training Services | 3,204,399 | - | 6,433,490 | - | 9,637,889 |
| Instruction-Related Technology | 7,068,610 | - | 385,815 | - | 7,454,425 |
| Board | 659,516 | - | - | - | 659,516 |
| General Administration | 1,412,717 | - | 2,305,646 | - | 3,718,363 |

| | Major Funds | | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|------------------------------|--------------------|---|-----------------------------------|--------------------------------|
| | General | Capital Projects | Special Revenue | | |
| | Primary Operating Fund | Other Funds | Federal Economic Stimulus Programs Fund | | |
| Expenditures (continued): | | | | | |
| School Administration | 39,358,666 | - | 126,008 | - | 39,484,674 |
| Facilities Acquisition and Construction | 3,072,028 | 3,809,838 | - | 1,467,967 | 8,349,833 |
| Fiscal Services | 2,850,360 | - | 144,567 | - | 2,994,927 |
| Food Services | 70,689 | - | 272 | 39,577,154 | 39,648,115 |
| Central Services | 7,408,148 | - | 222,694 | - | 7,630,842 |
| Student Transportation Services | 30,969,810 | - | 326,508 | - | 31,296,318 |
| Operation of Plant | 42,685,819 | - | 99,344 | - | 42,785,163 |
| Maintenance of Plant | 11,520,471 | - | 42,716 | - | 11,563,187 |
| Administrative Technology Services | 8,988,265 | - | 111,255 | - | 9,099,520 |
| Community Services | 416,265 | - | - | - | 416,265 |
| Capital Outlay: | | | | | |
| Facilities Acquisition and Construction | 411 | 109,877,294 | 52,043 | 10,398,234 | 120,327,982 |
| Other Capital Outlay | 615,119 | - | 497,204 | 226,276 | 1,338,599 |
| Debt Service: | | | | | |
| Principal | - | - | - | 29,452,032 | 29,452,032 |
| Interest | - | - | - | 18,002,773 | 18,002,773 |
| Fiscal Charges | - | 17,144 | - | 317,120 | 334,264 |
| Total Expenditures | 532,588,202 | 113,704,276 | 44,479,689 | 99,441,556 | 790,213,723 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,793,549 | (70,182,698) | - | (15,790,292) | (83,179,441) |
| Other Financing Sources (Uses): | | | | | |
| Face Value of Refunding Bonds | - | - | - | 3,288,000 | 3,288,000 |
| Premium on Refunding Bonds | - | - | - | 501,636 | 501,636 |
| Capital Leases | - | 10,390,507 | - | 19,651 | 10,410,158 |
| Proceeds from the Sale of Capital Assets | 6,425 | 1,720,000 | - | - | 1,726,425 |
| Transfers In | 2,008,862 | - | - | 48,412,179 | 50,421,041 |
| Transfers Out | (1,586,500) | (15,164,126) | - | (33,080,142) | (49,830,768) |
| Total Other Financing Sources (Uses) | 428,787 | (3,053,619) | - | 19,141,324 | 16,516,492 |
| Net Change in Fund Balances | 3,222,336 | (73,236,317) | - | 3,351,032 | (66,662,949) |
| Fund Balances, July 1, 2016 | 56,742,004 | 166,202,915 | - | 48,182,540 | 271,127,459 |
| Fund Balances, June 30, 2017 | \$ 59,964,340 | \$ 92,966,598 | \$ - | \$ 51,533,572 | \$ 204,464,510 |

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

District School Board of Pasco County
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances for Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances - Governmental Funds (page 29). \$ (66,662,949)

Amounts reported for governmental activities on the statement of activities (pages 24 & 25) are different because:

Capital outlays are reported in the governmental funds 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 capital outlays exceeded depreciation in the current period.

| | | |
|---------------------------------|----------------|------------|
| Expenditures for capital assets | \$ 121,667,249 | |
| Less current year depreciation | (57,379,434) | 64,287,815 |

Capital assets donated to the District increase net position on the statement of activities. However, they do not provide current financial resources and are not reported as revenues in the governmental funds.

233,024

The undepreciated cost of capital assets disposed of during the period is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the assets disposed of.

(1,273,939)

The net change in the Net Pension Act (SERP) is reported in the government-wide statements, but not in the governmental fund statements.

86,964

The net change in the Net Pension Liability (FRS / HIS) is reported in the government-wide statements, but not in the governmental fund statements.

(16,363,745)

Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Additionally, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the statement of activities.

| | | |
|--|--------------|------------|
| Principal payments | 29,452,032 | |
| New Sales Tax Bonds Issued | (3,288,000) | |
| Capital Leases Issued | (10,410,158) | |
| Net decrease in deferred charges | (620,498) | |
| Net decrease in premiums and discounts | 2,284,589 | 17,417,965 |

Capital credits to be received in future years are accrued in the government-wide statements, but the credits do not provide current financial resources and are not recognized in the governmental funds. This is the net amount of capital credits earned in excess of the amount paid in the current period.

262,633

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are not recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current period.

(1,248,044)

Interest on long-term debt is recognized as an expenditure in the governmental funds when due, but is recognized as interest accrues in the statement of activities.

38,581

The net change in liability for post-employment health care benefits is reported in the government-wide statements, but not in the governmental fund statements.

(8,350,135)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The change in net position of internal service funds is reported with governmental activities.

5,819,252

Change in Net Position - Governmental Activities (pages 24 & 25).

\$ (5,752,578)

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

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Federal Sources: | | | | |
| Federal Direct | \$ 577,256 | \$ 591,970 | \$ 547,328 | \$ (44,642) |
| Federal Through State | 3,700,000 | 3,700,000 | 3,521,189 | (178,811) |
| State Sources: | | | | |
| Florida Education Finance Program | 302,056,867 | 298,842,427 | 298,842,427 | - |
| State Grants and Other | 87,711,566 | 88,618,761 | 88,437,107 | (181,654) |
| Local Sources: | | | | |
| Property Taxes | 127,891,881 | 127,891,881 | 129,369,699 | 1,477,818 |
| Investment Earnings | 500,000 | 500,000 | 625,270 | 125,270 |
| Local Grants and Other | 13,681,937 | 13,874,160 | 14,038,731 | 164,571 |
| Total Revenues | 536,119,507 | 534,019,199 | 535,381,751 | 1,362,552 |
| Expenditures: | | | | |
| Current-Education: | | | | |
| Instruction | | | | |
| Salaries | \$ 209,555,724 | \$ 214,380,736 | \$ 214,560,698 | \$ (179,962) |
| Employee Benefits | 64,353,995 | 68,314,608 | 68,329,371 | (14,763) |
| Purchased Services | 38,649,143 | 35,393,902 | 35,947,184 | (553,282) |
| Materials and Supplies | 17,796,001 | 20,041,788 | 7,373,263 | 12,668,525 |
| Capital Outlay | 374,542 | 385,150 | 203,886 | 181,264 |
| Other Expenditures | 4,031,818 | 4,856,112 | 4,582,362 | 273,750 |
| Student Support Services | | | | |
| Salaries | 16,720,688 | 17,392,101 | 17,385,431 | 6,670 |
| Employee Benefits | 5,564,916 | 5,908,630 | 5,884,655 | 23,975 |
| Purchased Services | 2,607,514 | 2,792,896 | 2,607,350 | 185,546 |
| Materials and Supplies | 241,094 | 253,314 | 203,618 | 49,696 |
| Capital Outlay | 6,615 | 5,255 | 5,074 | 181 |
| Other Expenditures | 750 | 61,935 | 59,160 | 2,775 |
| Instructional Media Services | | | | |
| Salaries | 1,480,921 | 1,038,681 | 1,008,911 | 29,770 |
| Employee Benefits | 397,355 | 469,033 | 461,690 | 7,343 |
| Purchased Services | 149,571 | 493,638 | 464,082 | 29,556 |
| Materials and Supplies | 473,066 | 449,342 | 343,870 | 105,472 |
| Capital Outlay | 750,982 | 409,755 | 182,080 | 227,675 |
| Other Expenditures | 2,668 | 612 | 169 | 443 |
| Instruction and Curriculum Development Services | | | | |
| Salaries | 9,492,498 | 9,104,432 | 9,064,479 | 39,953 |
| Employee Benefits | 2,749,930 | 3,053,629 | 3,046,311 | 7,318 |
| Purchased Services | 633,588 | 680,119 | 480,660 | 199,459 |
| Materials and Supplies | 470,796 | 181,675 | 39,612 | 142,063 |
| Capital Outlay | 11,100 | 11,664 | 1,873 | 9,791 |
| Other Expenditures | 37,222 | 53,556 | 51,120 | 2,436 |

(continued)

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|------------------|------------|----------------|---|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Instructional Staff Training Services | | | | |
| Salaries | 2,414,708 | 2,081,976 | 2,013,597 | 68,379 |
| Employee Benefits | 448,365 | 499,649 | 481,269 | 18,380 |
| Purchased Services | 123,950 | 404,001 | 306,407 | 97,594 |
| Materials and Supplies | 508,199 | 448,934 | 370,301 | 78,633 |
| Capital Outlay | 36,000 | 20,493 | 6,343 | 14,150 |
| Other Expenditures | 13,055 | 44,606 | 26,482 | 18,124 |
| Instruction-Related Technology | | | | |
| Salaries | 5,544,623 | 5,305,736 | 5,273,639 | 32,097 |
| Employee Benefits | 1,612,720 | 1,772,922 | 1,764,830 | 8,092 |
| Purchased Services | 400 | 36,577 | 30,137 | 6,440 |
| Materials and Supplies | 148 | 4 | 4 | - |
| Board | | | | |
| Salaries | 226,519 | 236,519 | 229,373 | 7,146 |
| Employee Benefits | 2,413,688 | 414,488 | 145,651 | 268,837 |
| Purchased Services | 163,740 | 340,605 | 243,905 | 96,700 |
| Materials and Supplies | 3,335 | 3,160 | 1,299 | 1,861 |
| Capital Outlay | 935 | 850 | 148 | 702 |
| Other Expenditures | 43,381 | 43,909 | 39,140 | 4,769 |
| General Administration | | | | |
| Salaries | 709,436 | 724,436 | 723,221 | 1,215 |
| Employee Benefits | 239,997 | 370,998 | 364,604 | 6,394 |
| Purchased Services | 109,581 | 109,980 | 79,048 | 30,932 |
| Materials and Supplies | 8,800 | 8,350 | 4,099 | 4,251 |
| Capital Outlay | 3,250 | 2,200 | 142 | 2,058 |
| Other Expenditures | 23,700 | 272,044 | 241,603 | 30,441 |
| School Administration | | | | |
| Salaries | 27,548,920 | 27,205,321 | 27,199,097 | 6,224 |
| Employee Benefits | 9,001,674 | 9,785,973 | 9,774,784 | 11,189 |
| Purchased Services | 1,385,191 | 1,428,343 | 1,193,214 | 235,129 |
| Materials and Supplies | 620,623 | 561,219 | 454,536 | 106,683 |
| Capital Outlay | 98,916 | 130,231 | 103,026 | 27,205 |
| Other Expenditures | 101,942 | 633,491 | 634,009 | (518) |
| Facilities Services | | | | |
| Salaries | 1,308,873 | 1,358,872 | 1,264,653 | 94,219 |
| Employee Benefits | 372,086 | 449,086 | 389,757 | 59,329 |
| Purchased Services | 1,406,924 | 1,594,665 | 1,407,068 | 187,597 |
| Materials and Supplies | 11,625 | 9,575 | 8,058 | 1,517 |
| Capital Outlay | 182,400 | 7,300 | 763 | 6,537 |
| Other Expenditures | 2,000 | 2,000 | 1,729 | 271 |

(continued)

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|----------------------------------|------------------|------------|----------------|---|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Fiscal Services | | | | |
| Salaries | 1,944,774 | 1,896,579 | 1,876,142 | 20,437 |
| Employee Benefits | 637,377 | 714,708 | 706,570 | 8,138 |
| Purchased Services | 349,180 | 419,206 | 176,360 | 242,846 |
| Materials and Supplies | 22,280 | 18,480 | 12,289 | 6,191 |
| Capital Outlay | 1,105 | 1,105 | 95 | 1,010 |
| Other Expenditures | 684,736 | 170,842 | 78,904 | 91,938 |
| Food Services | | | | |
| Salaries | - | 62,874 | 62,873 | 1 |
| Employee Benefits | - | 5,939 | 5,902 | 37 |
| Purchased Services | - | 100 | 89 | 11 |
| Materials and Supplies | - | 2,133 | 1,744 | 389 |
| Capital Outlay | - | 100 | 81 | 19 |
| Central Services | | | | |
| Salaries | 4,741,530 | 4,513,152 | 4,506,686 | 6,466 |
| Employee Benefits | 1,550,955 | 1,531,291 | 1,503,553 | 27,738 |
| Purchased Services | 1,644,988 | 1,858,222 | 1,013,595 | 844,627 |
| Materials and Supplies | 114,263 | 114,419 | 62,923 | 51,496 |
| Capital Outlay | 23,893 | 29,803 | 17,226 | 12,577 |
| Other Expenditures | 404,863 | 407,066 | 304,165 | 102,901 |
| Student Transportation Services | | | | |
| Salaries | 15,978,381 | 17,768,138 | 17,738,864 | 29,274 |
| Employee Benefits | 6,841,771 | 7,809,536 | 7,791,715 | 17,821 |
| Purchased Services | 1,099,540 | 1,232,093 | 1,177,796 | 54,297 |
| Energy Services | 4,110,000 | 8,320,753 | 2,879,938 | 5,440,815 |
| Materials and Supplies | 1,431,050 | 1,421,726 | 1,251,983 | 169,743 |
| Capital Outlay | 4,700 | 5,023 | 323 | 4,700 |
| Other Expenditures | 130,000 | 150,113 | 129,191 | 20,922 |
| Operation of Plant | | | | |
| Salaries | 16,477,988 | 16,587,983 | 16,580,303 | 7,680 |
| Employee Benefits | 7,022,748 | 7,028,459 | 6,963,163 | 65,296 |
| Purchased Services | 9,240,678 | 9,349,845 | 9,004,046 | 345,799 |
| Energy Services | 10,579,000 | 10,656,000 | 9,218,401 | 1,437,599 |
| Materials and Supplies | 860,864 | 989,616 | 879,659 | 109,957 |
| Capital Outlay | 17,317 | 22,225 | 19,182 | 3,043 |
| Other Expenditures | 3,025 | 36,764 | 21,065 | 15,699 |
| Maintenance of Plant | | | | |
| Salaries | 5,815,166 | 5,815,166 | 5,707,854 | 107,312 |
| Employee Benefits | 1,935,884 | 1,943,884 | 1,883,947 | 59,937 |
| Purchased Services | 3,222,555 | 4,221,301 | 3,418,856 | 802,445 |
| Materials and Supplies | 360,900 | 372,086 | 339,896 | 32,190 |
| Capital Outlay | 12,015 | 12,771 | 8,802 | 3,969 |
| Other Expenditures | 2,475 | 161,609 | 161,116 | 493 |

(continued)

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|------------------|---------------|----------------|---|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Administrative Technology Services | | | | |
| Salaries | 6,280,156 | 6,181,894 | 5,877,638 | 304,256 |
| Employee Benefits | 2,003,930 | 2,005,358 | 1,846,827 | 158,531 |
| Purchased Services | 1,620,948 | 2,054,015 | 1,220,580 | 833,435 |
| Materials and Supplies | 38,735 | 33,516 | 19,962 | 13,554 |
| Capital Outlay | 20,125 | 16,368 | 9,531 | 6,837 |
| Other Expenditures | 16,000 | 45,000 | 13,727 | 31,273 |
| Community Services | | | | |
| Salaries | 71,156 | 82,862 | 64,085 | 18,777 |
| Employee Benefits | 37,257 | 38,270 | 24,686 | 13,584 |
| Purchased Services | 232,219 | 222,851 | 186,407 | 36,444 |
| Materials and Supplies | 24,295 | 31,295 | 26,014 | 5,281 |
| Capital Outlay | 21,600 | 12,565 | 10,522 | 2,043 |
| Other Expenditures | 147,050 | 147,050 | 104,551 | 42,499 |
| Capital Outlay: | | | | |
| Facilities Acquisition and Construction | - | 175,500 | 411 | 175,089 |
| Other Capital Outlay | - | 825,483 | 615,119 | 210,364 |
| Total Expenditures | 541,021,673 | 559,564,213 | 532,588,202 | 26,976,011 |
| Excess (Deficiency) of Revenues Over Expenditures | (4,902,166) | (25,545,014) | 2,793,549 | 28,338,563 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from the Sale of Capital Assets | - | - | 6,425 | 6,425 |
| Transfers In | 2,617,117 | 2,760,895 | 2,008,862 | (752,033) |
| Transfers Out | (1,320,248) | (1,640,730) | (1,586,500) | 54,230 |
| Total Other Financing Sources (Uses) | 1,296,869 | 1,120,165 | 428,787 | (691,378) |
| Net Change in Fund Balance | (3,605,297) | (24,424,849) | 3,222,336 | 27,647,185 |
| Fund Balance, Beginning | 56,742,004 | 56,742,004 | 56,742,004 | - |
| Fund Balance, Ending | \$ 53,136,707 | \$ 32,317,155 | \$ 59,964,340 | \$ 27,647,185 |

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

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|---|------------------|--------------|----------------|---|
| | Original | Final | Actual Amounts | |
| Revenues: | | | | |
| Federal Sources: | | | | |
| Federal Direct | \$ 7,274,569 | \$ 7,191,014 | \$ 7,074,957 | \$ (116,057) |
| Federal Through State | 36,645,537 | 41,515,605 | 37,404,732 | (4,110,873) |
| Total Revenues | 43,920,106 | 48,706,619 | 44,479,689 | (4,226,930) |
| Expenditures: | | | | |
| Current-Education: | | | | |
| Instruction | | | | |
| Salaries | 21,445,266 | 14,298,988 | 13,657,243 | 641,745 |
| Employee Benefits | 2,756,270 | 5,961,765 | 5,672,017 | 289,748 |
| Purchased Services | 2,527,779 | 3,098,538 | 2,843,765 | 254,773 |
| Materials and Supplies | 1,265,589 | 1,358,611 | 1,223,292 | 135,319 |
| Capital Outlay | 401,100 | 390,490 | 381,163 | 9,327 |
| Other Expenditures | 1,247,962 | 1,134,842 | 1,068,591 | 66,251 |
| Student Support Services | | | | |
| Salaries | 2,252,640 | 2,489,278 | 2,410,196 | 79,082 |
| Employee Benefits | 790,096 | 859,382 | 825,976 | 33,406 |
| Purchased Services | 203,789 | 129,232 | 127,081 | 2,151 |
| Materials and Supplies | 198,806 | 100,393 | 78,163 | 22,230 |
| Capital Outlay | 8,500 | 9,762 | 9,762 | - |
| Other Expenditures | 2,600 | 2,044 | 1,945 | 99 |
| Instructional Media Services | | | | |
| Salaries | 11,584 | 12,629 | 12,379 | 250 |
| Employee Benefits | 5,153 | 5,321 | 5,278 | 43 |
| Materials and Supplies | 2,994 | 994 | 977 | 17 |
| Capital Outlay | 1,884 | - | - | - |
| Instruction and Curriculum Development Services | | | | |
| Salaries | 1,473,725 | 4,145,044 | 3,859,414 | 285,630 |
| Employee Benefits | 402,368 | 1,151,125 | 1,067,467 | 83,658 |
| Purchased Services | 221,222 | 328,275 | 317,158 | 11,117 |
| Materials and Supplies | 79,963 | 94,155 | 92,630 | 1,525 |
| Capital Outlay | 33,250 | 12,394 | 11,532 | 862 |
| Other Expenditures | 32,886 | 81,938 | 66,098 | 15,840 |
| Instructional Staff Training Services | | | | |
| Salaries | 2,786,072 | 3,726,151 | 3,176,400 | 549,751 |
| Employee Benefits | 772,041 | 929,453 | 779,406 | 150,047 |
| Purchased Services | 1,201,394 | 2,952,749 | 2,168,790 | 783,959 |
| Materials and Supplies | 230,450 | 139,880 | 71,057 | 68,823 |
| Capital Outlay | 500 | 500 | - | 500 |
| Other Expenditures | 189,471 | 433,085 | 237,837 | 195,248 |

(continued)

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|---------------------------------|------------------|-----------|----------------|---|
| | Original | Final | Actual Amounts | |
| Expenditures (continued): | | | | |
| Instruction-Related Technology | | | | |
| Salaries | 183,759 | 263,667 | 256,142 | 7,525 |
| Employee Benefits | 55,912 | 82,037 | 75,365 | 6,672 |
| Purchased Services | 90,090 | 116,075 | 54,308 | 61,767 |
| Board | | | | |
| Purchased Services | - | 750 | - | 750 |
| General Administration | | | | |
| Other Expenditures | 2,214,296 | 2,563,926 | 2,305,646 | 258,280 |
| School Administration | | | | |
| Salaries | 87,286 | 91,109 | 91,109 | - |
| Employee Benefits | 27,208 | 27,836 | 27,796 | 40 |
| Purchased Services | 600 | 750 | 691 | 59 |
| Capital Outlay | - | 8,385 | 6,412 | 1,973 |
| Facilities Services | | | | |
| Other Capital Outlay | 55,000 | - | - | - |
| Fiscal Services | | | | |
| Salaries | 24,269 | 76,004 | 68,244 | 7,760 |
| Employee Benefits | 8,552 | 24,850 | 21,205 | 3,645 |
| Materials and Supplies | 3,250 | 118 | 118 | - |
| Capital Outlay | 1,000 | - | - | - |
| Food Services | | | | |
| Purchased Services | 52,000 | 55,000 | 55,000 | - |
| Materials and Supplies | 200 | - | - | - |
| Capital Outlay | 6,500 | 272 | 272 | - |
| Central Services | | | | |
| Salaries | 91,506 | 108,885 | 108,046 | 839 |
| Employee Benefits | 24,750 | 30,018 | 27,643 | 2,375 |
| Purchased Services | 47,816 | 68,316 | 40,526 | 27,790 |
| Other Expenditures | 6,153 | 46,479 | 46,479 | - |
| Student Transportation Services | | | | |
| Salaries | - | 64,567 | 64,567 | - |
| Employee Benefits | - | 22,000 | 20,559 | 1,441 |
| Purchased Services | 244,657 | 318,461 | 238,288 | 80,173 |
| Capital Outlay | - | 269 | 269 | - |
| Other Expenditures | - | 2,825 | 2,825 | - |
| Operation of Plant | | | | |
| Purchased Services | 20,000 | 18,756 | 18,756 | - |
| Energy Services | 64,000 | 75,025 | 75,025 | - |
| Materials and Supplies | 10,300 | 5,563 | 5,563 | - |
| Capital Outlay | 1,000 | - | - | - |

(continued)

District School Board of Pasco County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Other Federal Programs Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Maintenance of Plant | | | | |
| Purchased Services | 47,948 | 42,716 | 42,716 | - |
| Capital Outlay | 6,500 | - | - | - |
| Administrative Technology Services | | | | |
| Salaries | - | 86,279 | 86,279 | - |
| Employee Benefits | - | 25,134 | 24,909 | 225 |
| Purchased Services | 200 | 67 | 67 | - |
| Capital Outlay: | | | | |
| Facilities Acquisition and Construction | - | 91,881 | 52,043 | 39,838 |
| Other Capital Outlay | - | 541,581 | 497,204 | 44,377 |
| Total Expenditures | <u>43,920,106</u> | <u>48,706,619</u> | <u>44,479,689</u> | <u>4,226,930</u> |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balances, Beginning | - | - | - | - |
| Fund Balances, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

District School Board of Pasco County
Statement of Fund Net Position
Proprietary Funds
June 30, 2017

Exhibit I

| | Major Fund | Business-Type Activity Nonmajor | Total Enterprise Funds | Governmental Activities Internal Service Funds |
|---|---|---------------------------------------|------------------------------|--|
| | Pasco Learning and Activity Centers of Enrichment (PLACE) | Vending Program | | |
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash | \$ 1,913,602 | \$ 3,134 | \$ 1,916,736 | \$ 15,019,705 |
| Investments | 3,107,806 | - | 3,107,806 | 51,621,367 |
| Accounts Receivable | 100,666 | - | 100,666 | 176,036 |
| Accrued Interest Receivable | 1,991 | - | 1,991 | 33,073 |
| Total Current Assets | 5,124,065 | 3,134 | 5,127,199 | 66,850,181 |
| Noncurrent Assets: | | | | |
| Improvements Other Than Buildings, Net | 17,433 | - | 17,433 | - |
| Buildings and Fixed Equipment, Net | 13,269 | - | 13,269 | - |
| Furniture, Fixtures, and Equipment, Net | 93,923 | - | 93,923 | 4,562 |
| Computer Software, Net | 8,795 | - | 8,795 | - |
| Total Noncurrent Assets | 133,420 | - | 133,420 | 4,562 |
| Total Assets | 5,257,485 | 3,134 | 5,260,619 | 66,854,743 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Pension FRS/HIS | 2,121,285 | - | 2,121,285 | 1,479,122 |
| Total Deferred Outflows of Resources | 2,121,285 | - | 2,121,285 | 1,479,122 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 7,378,770 | \$ 3,134 | \$ 7,381,904 | \$ 68,333,865 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Salaries and Benefits Payable | \$ - | \$ - | \$ - | \$ 14 |
| Payroll Deductions and Withholdings Payable | - | - | - | 72,434 |
| Accounts Payable | 7,071 | - | 7,071 | 15,341,771 |
| Sales Tax Payable | - | 2,980 | 2,980 | - |
| Advanced Revenues | 103,503 | - | 103,503 | 246,826 |
| Current portion of long-term liabilities: | | | | |
| Compensated Absences Payable | - | - | - | 29,206 |
| Estimated Insurance Claims Payable | - | - | - | 2,427,000 |
| Total Current Liabilities | 110,574 | 2,980 | 113,554 | 18,117,251 |
| Noncurrent Liabilities: | | | | |
| Compensated Absences Payable | 533,403 | - | 533,403 | 286,309 |
| Estimated Insurance Claims Payable | - | - | - | 4,325,000 |
| Other Post-Employment Benefits Obligation | 1,194,668 | - | 1,194,668 | 265,514 |
| Net Pension Liability - FRS / HIS | 5,010,933 | - | 5,010,933 | 2,510,621 |
| Total Noncurrent Liabilities | 6,739,004 | - | 6,739,004 | 7,387,444 |
| Total Liabilities | 6,849,578 | 2,980 | 6,852,558 | 25,504,695 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Pension FRS/HIS | 247,398 | - | 247,398 | 197,778 |
| Total Deferred Inflows of Resources | 247,398 | - | 247,398 | 197,778 |
| NET POSITION: | | | | |
| Investment in Capital Assets | 133,420 | - | 133,420 | 4,562 |
| Unrestricted | 148,374 | 154 | 148,528 | 42,626,830 |
| Total Net Position | 281,794 | 154 | 281,948 | 42,631,392 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | \$ 7,378,770 | \$ 3,134 | \$ 7,381,904 | \$ 68,333,865 |

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

District School Board of Pasco County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

Exhibit J

| | Business-Type Activity | | Governmental Activities |
|--|---|-----------------|-------------------------|
| | Major Fund | Nonmajor | |
| | Pasco Learning and Activity Centers of Enrichment (PLACE) | Vending Program | Total Enterprise Funds |
| | | | Internal Service Funds |
| Operating Revenues: | | | |
| Charges for Services Provided | \$ 10,510,012 | \$ - | \$ 10,510,012 |
| Charges for Sales | - | 567,712 | 567,712 |
| Insurance Premiums: | | | |
| Board Contributions | - | - | - |
| Employees | - | - | - |
| Retirees | - | - | - |
| Other Operating Revenues | - | 259 | 259 |
| Total Operating Revenues | 10,510,012 | 567,971 | 11,077,983 |
| Operating Expenses: | | | |
| Salaries | 5,404,767 | - | 5,404,767 |
| Employee Benefits | 2,514,060 | - | 2,514,060 |
| Purchased Services | 380,270 | - | 380,270 |
| Insurance Premiums | - | - | - |
| Energy Services | 405,930 | - | 405,930 |
| Materials and Supplies | 332,843 | 3,889 | 336,732 |
| Capital Outlay | 43,677 | - | 43,677 |
| Insurance Claims | - | - | - |
| Other | 733,483 | 587,172 | 1,320,655 |
| Depreciation | 37,723 | - | 37,723 |
| Total Operating Expenses | 9,852,753 | 591,061 | 10,443,814 |
| Operating Income (Loss) | 657,259 | (23,090) | 634,169 |
| Nonoperating Revenues (Expenses): | | | |
| Investment Earnings | 19,651 | - | 19,651 |
| Gifts, Grants, and Bequests | - | - | - |
| Insurance Loss Recoveries | - | - | - |
| Loss on Disposition of Assets | (1,235) | - | (1,235) |
| Total Nonoperating Revenues (Expenses) | 18,416 | - | 18,416 |
| Income (Loss) Before Transfers | 675,675 | (23,090) | 652,585 |
| Transfers In | - | - | - |
| Transfers Out | (405,273) | - | (405,273) |
| Change in Net Position | 270,402 | (23,090) | 247,312 |
| Total Net Position, July 1, 2016 | 11,392 | 23,244 | 34,636 |
| Total Net Position, June 30, 2017 | \$ 281,794 | \$ 154 | \$ 281,948 |

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

District School Board of Pasco County
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

Exhibit K

| | Business-Type Activity | | Governmental Activities |
|---|---|-----------------|-------------------------|
| | Major Fund | Nonmajor | |
| | Pasco Learning and Activity Centers of Enrichment (PLACE) | Vending Program | Total Enterprise Funds |
| | | | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash Received from Sales and Services | \$ 10,530,082 | \$ 567,712 | \$ 11,097,794 |
| Cash Received from Premiums | - | - | - |
| Cash Received from Other Operating Revenues | - | 259 | 259 |
| Cash Payments to Suppliers for Goods and Services | (1,910,923) | (589,872) | (2,500,795) |
| Cash Payments to Employees for Services | (7,512,288) | - | (7,512,288) |
| Cash Payments for Insurance Claims | - | - | - |
| Net Cash Provided (Used) by Operating Activities | 1,106,871 | (21,901) | 1,084,970 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Insurance Loss Recoveries | - | - | - |
| Gifts, Grants and Bequests | - | - | - |
| Transfers In | - | - | - |
| Transfers Out | (405,273) | - | (405,273) |
| Net Cash Provided (Used) by Noncapital Financing Activities | (405,273) | - | (405,273) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and Construction of Capital Assets | (6,336) | - | (6,336) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (6,336) | - | (6,336) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Investment Earnings | 19,312 | - | 19,312 |
| Purchase and Sale of Investments | (19,651) | - | (19,651) |
| Net Cash Provided (Used) by Investing Activities | (339) | - | (339) |
| Net Change in Cash | 694,923 | (21,901) | 673,022 |
| Cash, Beginning | 1,218,679 | 25,035 | 1,243,714 |
| Cash, Ending | \$ 1,913,602 | \$ 3,134 | \$ 1,916,736 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income (Loss) | \$ 657,259 | \$ (23,090) | \$ 634,169 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 37,723 | - | 37,723 |
| Change in Assets and Liabilities: | | | |
| (Increase) Decrease in Accounts Receivable | (5,349) | - | (5,349) |
| Increase (Decrease) in Accounts Payable | (14,720) | - | (14,720) |
| Increase in Sales Tax Payable | - | 1,189 | 1,189 |
| Increase in Payroll Deductions and Withholdings Payable | - | - | - |
| Increase in Advanced Revenues | 25,419 | - | 25,419 |
| (Decrease) in Compensated Absences Payable | (5,979) | - | (5,979) |
| Increase in Other Post-Employment Benefits Obligation | 140,604 | - | 140,604 |
| Increase in Pension Amounts | 271,914 | - | 271,914 |
| (Decrease) in Estimated Insurance Claims Payable | - | - | - |
| Total Adjustments | 449,612 | 1,189 | 450,801 |
| Net Cash Provided (Used) by Operating Activities | \$ 1,106,871 | \$ (21,901) | \$ 1,084,970 |

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

District School Board of Pasco County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

Exhibit L

| | Pension Trust | Private-Purpose Trust | Agency |
|--|----------------------|--------------------------|---------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,291 | \$ 2,510 | \$ 8,754,926 |
| Collateralized Mortgage Obligations | 449,058 | - | - |
| Corporate Bonds | 200,491 | - | - |
| Government and Municipal Bonds | 8,399,149 | - | - |
| Domestic Equity Mutual Funds | 3,152,115 | - | - |
| International Equity Mutual Funds | 1,000,152 | - | - |
| Domestic Fixed Income Mutual Funds | 2,365,160 | - | - |
| Government Sponsored Enterprise Securities | 143,678 | 29,814 | 73,207 |
| Money Market Funds | 2,526,686 | - | - |
| Accounts Receivable | - | - | 8,986 |
| Interest Receivable | 151,496 | 11 | 45 |
| Inventories | - | - | 5,908 |
| TOTAL ASSETS | \$ 18,389,276 | \$ 32,335 | \$ 8,843,072 |
| LIABILITIES: | | | |
| Accounts Payable | \$ - | \$ - | \$ 808,763 |
| Due to Other Funds | 751,429 | - | - |
| Internal Accounts Payable | - | - | 7,950,655 |
| ABC Program Payable | - | - | 83,654 |
| Total Liabilities | 751,429 | - | \$ 8,843,072 |
| NET POSITION: | | | |
| Restricted for Pension Benefits | 17,637,847 | - | |
| Restricted for Medical Benefits | - | 24,888 | |
| Restricted for Educational Support | - | 7,447 | |
| Total Net Position | 17,637,847 | 32,335 | |
| TOTAL LIABILITIES AND NET POSITION | \$ 18,389,276 | \$ 32,335 | |

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

District School Board of Pasco County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

| | Pension Trust | Private-Purpose Trust |
|--------------------------------|------------------|--------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer | \$ - | \$ - |
| Gifts, Grants and Bequests | - | - |
| Total Contributions | - | - |
| Investment Earnings: | | |
| Interest, Dividends and Other | 756,396 | 193 |
| Net Investment Income | 756,396 | 193 |
| Total Additions | 756,396 | 193 |
| DEDUCTIONS: | | |
| Benefit Payments | - | - |
| Purchased Services | 1,300,769 | 323 |
| Administrative Expenses | - | 6,284 |
| Administrative Expense (other) | 20,015 | - |
| Total Deductions | 1,320,784 | 6,607 |
| Change in Net Position | (564,388) | (6,414) |
| Net Position, July 1, 2016 | 18,202,235 | 38,749 |
| Net Position, June 30, 2017 | \$ 17,637,847 | \$ 32,335 |

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

The District School Board of Pasco County (School Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Pasco County School District (District) is considered part of the Florida system of public education. The governing body of the School District is the School Board which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the School Board. Geographic boundaries of the District correspond with those of Pasco County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. Pursuant to Section 1002.33(17), Florida Statutes, students enrolled in a charter school shall be funded the same as students enrolled in other public schools in the school district. Accordingly, charter schools' full-time equivalent (FTE) student enrollment is the basis for school districts to provide funding to charter schools. Funding is provided to the charter schools by the District. Furthermore, Article IX, Section 4(b) of the Florida Constitution states that, "The school board shall operate, control and supervise all free public schools within the school district and determine the rate of school district taxes within the limits prescribed herein." Because the District is financially accountable for charter schools, and charter schools create a financial burden on school districts, charter schools are considered component units of the school districts.

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

- Blended Component Unit. The Pasco County School Board Leasing Corporation, Inc. (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 8. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.
- Discretely Presented Component Units. The component units columns in the government-wide financial statements include the financial data of the District's other component units. For financial reporting purposes, ten charter schools are included in the financial statements of the District as discretely presented component units. These schools operate under a charter approved by their sponsor, the Board, and are considered to be component units of the District

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

since they impose a financial burden on the District. The component units are as follows:

- ◇ Academy at the Farm, Inc., is a K through 8th grade school focusing on creatively integrating equestrian, horticultural, and farm animal components into an interactive, inclusive learning environment.
- ◇ Athenian Academy of Pasco County, Inc., is a K through 8th grade school offering students a program that incorporates the Greek language and culture.
- ◇ Classical Preparatory School is a K through 11th grade school providing a classical style education.
- ◇ Countryside Montessori Charter School, Inc., is a 1st through 8th grade school providing an alternative education program.
- ◇ Dayspring Academy for Education and the Arts is a K through 12th grade school emphasizing the fine arts, offering students specialized instruction in dance, music, and art.
- ◇ Florida Virtual Academy at Pasco is a K through 12th grade school providing curriculum in an on-line educational environment.
- ◇ Imagine School at Land O'Lakes is a K through 8th grade school providing an alternative education program.
- ◇ Learning Lodge Academy, Inc., is a K through 5th grade school providing an alternative elementary education program.
- ◇ Pepin Academies of Pasco County, Inc., is a 3rd through 12th grade school providing an alternative education program for special needs students.
- ◇ Plato Academy Trinity Charter School, is a K through 3rd grade school offering an enriched, disruption-free environment through optimum instruction, support and encouragement.

The School Board is responsible for the prudent use of the public funds received for providing an appropriate educational program for its targeted enrollment. The financial data reported on the accompanying statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2017.

The Pasco Education Foundation (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, invest, and administer property and to make expenditures to or for the benefit of the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit. The financial data reported on the accompanying statements was derived from the Foundation's audited financial statements for the fiscal year ended June 30, 2017.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Audits of the charter schools and Foundation for the fiscal year ended June 30, 2017, were conducted by independent certified public accountants and are filed at the District's administrative office at 7227 Land O' Lakes Boulevard, Land O' Lakes, Florida 34638.

➤ **Basis of Presentation**

The basic financial statements include the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units.

The effects of interfund balances and activities have been eliminated from the government-wide financial statements except for interfund services provided and used. Interfund transactions, consisting of transactions involving the internal service funds, were eliminated by allocating the change in net position of internal service funds in direct proportion as they were charged as expenses to the various functions.

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Capital Projects – Other Fund – to account for the financial resources such as sales tax proceeds, impact fees, certificates of participation and capital leases which are used for capital outlay needs.
- Special Revenue – Other Federal Programs Fund – to accounts for and report on activities of various programs of different sources according to the specifications and requirements of each funding source.

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Additionally, the District reports the following major proprietary fund:

- Enterprise Fund – Pasco Learning and Activity Centers of Enrichment (PLACE) Fund – to account for the financial resources of the District's PLACE program, a before and after-school child care program.

The District also reports the following fiduciary funds and nonmajor proprietary fund:

- Internal Service Funds – to account for the District's fully-insured program for employees' life insurance; individual self-insurance programs for property/casualty, liability, auto, workers' compensation, medical, pharmacy and behavioral health programs; the employee benefits program; the energy management program; and exclusive agreements administered by the School Board.
- Pension Trust Fund – to account for resources used to finance the early retirement program.
- Private-Purpose Trust Fund – to account for resources legally held by the District in a trustee capacity or as an agent for individuals or private organizations.
- Agency Funds – to account for resources held by the District in a trustee capacity, primarily for the benefit of various schools and their activity funds.
- Enterprise Fund – Vending Program – to account for the operation of food and beverage machines throughout the District.

➤ **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.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expenses are allocated to functions/programs of the primary government.

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

Governmental fund financial statements are prepared using the current financial resources measurement focus and 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. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other post-employment healthcare benefits, compensated absences and net pension liability for retirement benefits, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities. The Foundation is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

➤ **Recently Issued and Adopted Pronouncements**

The District adopted new accounting guidance GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement 77, *Tax Abatement Disclosures*. The objective of Statement 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Statement 77 requires governments that enter into tax abatement agreements to disclose the information about the agreements. The adoption of GASB 74 and 77 do not have any impact on the District's financial statements.

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➤ **Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by the Federal Depositary Insurance Corporation and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. For the enterprise and internal service funds, the statement of cash flows considers cash and cash equivalents as those accounts used as demand deposit accounts and amounts held by fiscal agent.

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service money with the SBA for participation in the Florida PRIME investment pool created by Sections 218.405 and 215.47, Florida Statutes; and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2017, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These amounts are reported at amortized cost.

Investments made locally consist of United States Treasury Securities and Federal Agency Securities, money market and bond mutual funds, corporate debt obligations, commercial paper and collateralized mortgage obligations and are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

➤ **Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. The valuation of the inventories is based on various methods and is presented at cost. Warehouse (including purchased foods and supplies used by the District's Food and Nutrition Services Department), maintenance, telecommunications, technology services, and transportation items are based on a weighted average. Fuel inventories are stated at last quoted price at June 30, 2017. The 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 rather than purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The purchase method is used to account for prepaid items.

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➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing \$1,000 or more or electronic equipment, such as computers, tablets, printers, and projectors, or band equipment costing \$250 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. Land and buildings acquired or constructed prior to July 1, 1972, are stated at estimated historical cost using price levels at the time of acquisition and, as a result, \$1,348,251 of stated land values and \$15,047,877 of stated building values are based on these estimates.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the costs of construction.

The original recorded value of capital assets, less the estimated salvage value, is used to depreciate capital assets using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|--|------------------------|
| Improvements Other than Buildings | 15 years |
| Buildings and Fixed Equipment | 20 - 40 years |
| Furniture, Fixtures, and Equipment | 3 - 15 years |
| Motor Vehicles | 5 - 10 years |
| Audio Visual Materials and Computer Software | 5 years |

Changes in capital assets for the current year are further described in Note 5.

➤ **Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off. Sick leave benefits are accrued as a liability using the vesting method.

The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees to whom it is probable that they will become eligible to receive termination benefits in

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the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and State law.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, only the amount payable to employees who terminated their employment as of the end of the fiscal year is reported. The liability at year-end includes salary-related payments such as Social Security, Medicare and Florida Retirement System contributions.

Changes in compensated absences liability for the current year are further described in Note 11.

➤ **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 and certificates of participation premiums and discounts are deferred and amortized over the life of the bonds and certificates of participation using the effective interest method. Bonds and certificates of participation payable are reported net of the applicable premium or discount.

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

Changes in long-term liabilities for the current year are further described in Note 11.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. They are the accumulated decrease in the fair value of hedging derivatives, the deferred amount on refunding reported in the government-wide statement of net position, and the deferred amount for pensions. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions are an aggregate of items related to pension as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pension*.

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In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category: deferred amount for pension. The deferred inflows of resources related to pensions are an aggregate of items related to pension as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pension*.

Deferred outflows/ inflows for pensions for the current year are further described in Notes 16 and 17.

➤ **Net Position Flow Assumption**

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

➤ **Fund Balance Flow Assumptions**

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

➤ **Program Revenues**

Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the General Fund of the District.

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➤ **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 (FLDOE) 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 FLDOE. The FLDOE performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of five (5) months following the date of the original reporting. Such amendments may impact funding allocations for subsequent fiscal years. The FLDOE 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 educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The FLDOE generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay 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 FLDOE. Accordingly, the District recognizes the allocation of Public Education Capital Outlay funds as advanced revenue until such time as an encumbrance authorization is received.

A schedule of revenue from State sources for the current year is further described in Note 14.

➤ **District Property Taxes**

The School Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. The Pasco County Property Appraiser determines the real and personal property values within the District. The Pasco County Tax Collector then collects the taxes and remits them to the District.

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The School Board adopted the 2016 tax levy on September 13, 2016. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Pasco County Tax Collector at fiscal year-end but not yet remitted to the District.

Millage rates and taxes levied for the current year are further described in Note 15.

➤ **School Capital Outlay Surtax (Local Sales Tax)**

The citizens of Pasco County on March 9, 2004, approved a one-cent sales tax authorized under Section 212.055(6), Florida Statutes. The Board receives 45 percent of the one-cent sales tax. The surtax levy commenced on January 1, 2005, and remained in effect for a period of 10 years through December 31, 2014. On November 6, 2012, voters signaled their approval for the continuation of the tax for another 10 years, that began in January 2015.

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

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 principal operating revenues of the District's enterprise and internal service funds are from services provided for before and after-school child care and charges for employee health insurance premiums. The principal operating expenses for the enterprise and internal service funds include salaries and benefits, administrative expenses, claims, energy services and insurance premiums for excess coverage. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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➤ **Federal Revenue Sources**

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

2. BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student support 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 reported budgetary data consists of the original budget as well as the final appropriated budget after amendments approved by the Board.

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3. INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Money market funds are held with Fidelity Institutional Government Money Market Fund have no unfunded commitments, and invests in U.S. dollar-denominated money market securities of domestic and foreign issuers, U.S. Government securities, and repurchase agreements. This fund does not institute liquidity fees or redemption gates.

Intergovernmental investment pool funds are held with Florida Prime and Florida Education Investment Trust Fund (FEITF) and are valued based on amortized cost. This fund has no unfunded commitments and allows unlimited daily redemptions and investments with a 1-day minimum holding period.

Investments at June 30, 2017, are shown below:

| <u>Investments by Fair Value Level</u> | <u>Maturities</u> | <u>Fair Value</u> | Fair Value Measurements Using | | |
|--|--------------------|-----------------------|--|---|--|
| | | | Quoted Prices in Active Markets for (Level 1) | Significant Other Observable (Level 2) | Significant Unobservable Inputs (Level 3) |
| Commercial Paper | 12 Days Average | \$ 11,590,408 | \$ 11,590,408 | - | - |
| United States Treasury Securities | 8.38 Years Average | 3,665,330 | 3,665,330 | - | - |
| Government Sponsored Enterprises (2) | 127 Days Average | 48,702,279 | 48,702,279 | - | - |
| Corporate Notes | 22 Days | 3,000,210 | 3,000,210 | - | - |
| Total Investments by Fair Value Level | | <u>66,958,227</u> | <u>\$ 66,958,227</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Investments Measured at Net Asset Value (NAV)</u> | | | | | |
| Florida Fixed Income Trust - 1-3 Year Pool | 2.36 Years Average | <u>82,986,756</u> | | | |
| Total Investments Measured at NAV | | <u>82,986,756</u> | | | |
| <u>Investments Measured at Amortized Cost</u> | | | | | |
| SBA-Debt Service Account | 6 months | 186,124 | | | |
| Local Government Investment Pools | | | | | |
| Florida PRIME | 39 Days Average | 324,391 | | | |
| Florida Education Investment Trust Fund | 37 Days Average | 5,068,852 | | | |
| Money Market Funds | | | | | |
| Fidelity Institutional Government | 25 Days Average | 17,418,150 | | | |
| Florida Fixed Income Trust - Cash Pool | 91 Day Average | <u>58,641,651</u> | | | |
| Total Investments Measured at Amortized | | <u>81,639,168</u> | | | |
| Total Investments | | <u>\$ 231,584,151</u> | | | |

(1) Pension Trust Fund investments are separately disclosed in Note 17.

(2) Amount includes \$103,021 held in Fiduciary Funds.

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Interest Rate Risk

- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits investments of operating funds to a maximum of eighteen months as a means of managing its exposure to fair value losses arising from an increase in interest rates. Investments of reserves, project funds, debt proceeds and other non-operating funds are limited to a maximum of five years with the average duration of all these funds as a whole not to exceed three years.
- Florida PRIME and FEITF use a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.
- Florida PRIME, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the Trustees shall vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days." As of June 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.
- FEITF has a daily liquidity with unlimited investments and redemptions. The fund has investments in negotiable certificates of deposits, commercial paper, repurchase agreements, certificate of deposit - FHLB LOC, Federal Agencies, Corporate Notes, and US Treasury Notes. The investment advisor, on behalf of the fund, determines the net asset value of the shares at the close of each business day and monitors the difference between the amortized cost and market value. The Trustees of the fund can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

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Credit Risk

- The District's investment policy authorizes the following investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:
 - Florida PRIME when rated at least AAAm by Standard & Poor's or the equivalent by another Nationally Recognized Statistical Rating Organization (NRSRO)
 - United States Government Securities
 - United States Government Agencies
 - Federal Instrumentalities (United States Government Sponsored Enterprise ("GSE")) limited to the Federal Farm Credit Bank (FFCB), Federal Home Loan Bank or its District banks (FHLB), Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (Freddie-Mac) including Federal Home Loan Mortgage Corporation participation certificates
 - Interest Bearing Time Deposit or Savings Accounts
 - Repurchase Agreements
 - Commercial Paper of any United States company that is rated, at the time of purchase, Prime 1 by Moody's and A-1 by Standards & Poor's (prime commercial paper)
 - Corporate Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum single A category by any two NRSROs
 - State and/or Local Government Taxable and/or Tax-Exempt Debt, general obligation and/or revenue bonds, rated at the time of purchase, at a minimum single A category by any two NRSROs for long-term debt, or rated at least MIG-1 by Moody's or SP-1 by Standard & Poor's for short-term debt
 - Money Market Mutual Funds rated AAAm by Standard & Poor's or the equivalent by another NRSRO
 - Short Term Bonds rated AAA or better by Standards & Poor's or the equivalent by another NRSRO
 - Intergovernmental Investment Pools rated AAAm by Standard & Poor's or the equivalent by another NRSRO
- The District's investments in the State Board of Administration (SBA) Debt Service Accounts are to provide for debt service payments on bond debt issued by the State

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Board of Education for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate and credit risk for this account.

- The Florida Fixed Income Trust was rated AAf/S1 by Standard & Poor's.
- The District's investments in Commercial Paper were rated A-1 by Standard & Poor's and P-1 by Moody's.
- US Treasury Securities were rated Aaa by Moody's and AA by Standard & Poor's.
- The District's investment in Government Sponsored Enterprise Securities was rated Aaa by Moody's and/or AA+ by Standard & Poor's.
- The District's investments in State and Local Government Bonds had ratings from A+ to AA- by Standard & Poor's.
- The District's investments in Corporate Notes had ratings from A to AA+ by Standard & Poor's.
- As of June 30, 2017, the District's investment in Florida PRIME was rated AAAM by Standard & Poor's.
- The Florida Education Investment Trust Fund is rated AAAM by Standard & Poor's.
- The District's investments in money market funds were rated AAAM by Standard & Poor's.

Custodial Credit Risk

- Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.
- The District's investment policy requires that all investment securities purchased by the District shall be held by third party custodians and be properly designated as an asset of

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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the District. All investments, except for investments in money market funds and the SBA, were held in third-party custodial accounts in the District's name.

Concentration of Credit Risk

- The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk of the District's investment portfolio.
- More than five (5) percent of the District's investments are in Government Sponsored Enterprise Securities. These securities are made up of investments in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and total 1.73, 9.10, 4.54, and 5.66 percent of total plan investments, respectively.

| | Total Investments | General Fund | Capital Projects - Other Funds | Non-Major Governmental Funds | Internal Service Funds | Fiduciary Funds | Business Type Activity |
|------------------------------|----------------------|-----------------|--------------------------------------|------------------------------------|---------------------------|--------------------|------------------------------|
| Federal Farm Credit Bank | 1.73% | 0.55% | 0.45% | 0.19% | 0.51% | 0.00% | 0.03% |
| Federal Home Loan Bank | 9.10% | 2.62% | 3.03% | 0.90% | 2.40% | 0.00% | 0.14% |
| Federal Home Loan Mtg. Corp. | 4.54% | 1.17% | 1.83% | 0.40% | 1.07% | 0.00% | 0.06% |
| Federal National Mtg. Assn. | 5.66% | 1.28% | 2.69% | 0.44% | 1.17% | 0.00% | 0.07% |
| Total Investments by Fund | \$ 48,702,279 | \$ 13,043,084 | \$ 18,526,764 | \$ 4,463,173 | \$ 11,927,380 | \$ 23,804 | \$ 718,074 |
| Percent of Total Investment | | 5.63% | 8.00% | 1.93% | 5.15% | 0.01% | 0.31% |

Foreign Currency Risk

- The District's investment policy does not allow for investments in foreign currency. Therefore, the District has no exposure to foreign currency risk.

4. RECEIVABLES AND ADVANCED REVENUE

The majority of receivables are due from other governmental agencies. These receivables and the remaining accounts receivables are considered to be fully collectible. As such, no allowance for uncollectible receivables is accrued.

Governmental funds report advanced revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities on the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of June 30, 2017, the various components of advanced revenue reported in the governmental funds were as follows:

| | |
|---|---------------------|
| General Operating - Advanced Revenue | \$ 54,940 |
| Capital Projects - Advanced Revenue | 620,327 |
| Special Revenue Other Federal Programs - Advanced Revenue | 13,143 |
| Food & Nutrition - Advanced Revenue | 937,121 |
| Total Advanced Revenue for Government Funds | <u>\$ 1,625,531</u> |

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5. CHANGES IN CAPITAL ASSETS

Changes in capital assets, as of June 30, 2017, are presented in the table below:

| | Balance 7/1/2016 | Additions | Deletions | Balance 6/30/2017 |
|--|---------------------|----------------|---------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 81,505,202 | \$ 491,881 | \$ 308,908 | \$ 81,688,175 |
| Construction in Progress | 95,388,252 | 102,226,407 | 77,175,146 | 120,439,513 |
| Total Capital Assets Not Being Depreciated | 176,893,454 | 102,718,288 | 77,484,054 | 202,127,688 |
| Capital Assets Being Depreciated: | | | | |
| Improvements Other Than Buildings | 56,128,273 | 2,012,642 | - | 58,140,915 |
| Buildings and Fixed Equipment | 1,343,220,631 | 73,838,191 | - | 1,417,058,822 |
| Furniture, Fixtures, and Equipment (1) | 98,695,963 | 11,870,557 | 6,971,383 | 103,595,137 |
| Motor Vehicles | 45,422,493 | 5,200,017 | 1,384,377 | 49,238,133 |
| Audio Visual Materials | 159,952 | - | 4,215 | 155,737 |
| Computer Software | 24,248,042 | 3,384,298 | 486,937 | 27,145,403 |
| Total Capital Assets Being Depreciated | 1,567,875,354 | 96,305,705 | 8,846,912 | 1,655,334,147 |
| Less Accumulated Depreciation for: | | | | |
| Improvements Other Than Buildings | 33,928,793 | 2,005,035 | - | 35,933,828 |
| Buildings and Fixed Equipment | 516,400,160 | 40,151,760 | - | 556,551,920 |
| Furniture, Fixtures, and Equipment (1) | 65,398,130 | 9,484,479 | 6,256,316 | 68,626,293 |
| Motor Vehicles | 31,178,823 | 1,861,479 | 1,228,681 | 31,811,621 |
| Audio Visual Materials | 142,948 | 994 | 3,794 | 140,148 |
| Computer Software | 16,486,436 | 3,875,689 | 438,244 | 19,923,881 |
| Total Accumulated Depreciation | 663,535,290 | 57,379,436 | 7,927,035 | 712,987,691 |
| Total Capital Assets Being Depreciated, Net | 904,340,064 | 38,926,269 | 919,877 | 942,346,456 |
| Governmental Activities Capital Assets, Net | \$ 1,081,233,518 | \$ 141,644,557 | \$ 78,403,931 | \$ 1,144,474,144 |
| Note (1) includes Internal Service Fund assets of \$45,618 and \$41,056 of accumulated depreciation. | | | | |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital Assets Being Depreciated: | | | | |
| Improvements Other Than Buildings | \$ 27,131 | \$ - | \$ - | \$ 27,131 |
| Buildings and Fixed Equipment | 34,575 | - | - | 34,575 |
| Furniture, Fixtures, and Equipment | 390,870 | 4,513 | 12,352 | 383,031 |
| Computer Software | 43,256 | 1,823 | - | 45,079 |
| Total Capital Assets Being Depreciated | 495,832 | 6,336 | 12,352 | 489,816 |
| Less Accumulated Depreciation for: | | | | |
| Improvements Other Than Buildings | 8,070 | 1,628 | - | 9,698 |
| Buildings and Fixed Equipment | 19,750 | 1,556 | - | 21,306 |
| Furniture, Fixtures, and Equipment | 266,009 | 34,216 | 11,117 | 289,108 |
| Computer Software | 35,961 | 323 | - | 36,284 |
| Total Accumulated Depreciation | 329,790 | 37,723 | 11,117 | 356,396 |
| Business Type Activities Capital Assets, Net | \$ 166,042 | \$ (31,387) | \$ 1,235 | \$ 133,420 |

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Depreciation expense was charged to functions as follows:

| Function | Amount |
|--|----------------------|
| GOVERNMENTAL ACTIVITIES | |
| Instruction | \$ 39,313,613 |
| Student Support Services | 41,984 |
| Instructional Media Services | 74,507 |
| Instruction and Curriculum Dev Services | 36,208 |
| Instructional Staff Training Services | 3,169 |
| Instruction-Related Technology | 381 |
| School Administration | 18,433 |
| Facilities Services | 17,190,721 |
| Fiscal Services | 303 |
| Food Services | 49,918 |
| Central Services | 1,218 |
| Student Transportation Services | 338,328 |
| Operation of Plant | 6,138 |
| Maintenance of Plant | 296,961 |
| Community Services | 7,554 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 57,379,436</u> |
| BUSINESS - TYPE ACTIVITIES | |
| PLACE Program | <u>\$ 37,723</u> |

6. CURRENT LIABILITIES

Accounts payable and other current liabilities at June 30, 2017, are shown below:

| | |
|---|----------------------|
| Salary and Benefits Payable | \$ 4,156,076 |
| Payroll Deductions and Withholdings Payable | 4,947,560 |
| Accounts Payable | 31,944,584 |
| Construction Contracts Payable | 1,278,450 |
| Construction Contracts Payable-Retainage | 4,880,237 |
| Due to Other Agencies | 1,031 |
| Sales Tax Payable | 1,392 |
| Deposits Payable | 52,497 |
| Accrued Interest Payable | 4,779,223 |
| Advanced Revenue | 1,872,357 |
| Total | <u>\$ 53,913,407</u> |

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. CAPITAL LEASES

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

| <u>Asset Description</u> | <u>Asset Balance</u> |
|--------------------------|-----------------------------|
| Buses | \$ 8,550,766 |
| Computer Equipment | 9,147,369 |
| Total | <u><u>\$ 17,698,135</u></u> |

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

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

| | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------------|-----------------------------|-----------------------------|--------------------------|
| Fiscal Year Ending June 30: | | | |
| 2018 | \$ 5,453,411 | \$ 5,181,871 | \$ 271,540 |
| 2019 | 4,953,610 | 4,748,580 | 205,030 |
| 2020 | 2,784,375 | 2,663,649 | 120,726 |
| 2021 | 1,396,271 | 1,319,936 | 76,335 |
| 2022 | 1,396,272 | 1,342,637 | 53,635 |
| 2023-2027 | <u>2,100,277</u> | <u>2,059,993</u> | <u>40,284</u> |
| Total Minimum Lease Payments | 18,084,216 | 17,316,666 | 767,550 |
| Less Interest | (767,550) | - | - |
| Present Value of Minimum Payments | <u><u>\$ 17,316,666</u></u> | <u><u>\$ 17,316,666</u></u> | <u><u>\$ 767,550</u></u> |

The stated and imputed interest rates range from 1.56 percent to 2.40 percent.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement on April 1, 1992, which was characterized as a lease-purchase agreement, with the Florida School Boards Association and supplemental arrangements dated September 15, 2004, July 1, 2005, December 23, 2005, July 1, 2007, June 1, 2008, September 23, 2008, December 16, 2009, July 1, 2013, June 1, 2014, June 30, 2014, December 1, 2014, March 1, 2015, January 1, 2016 with the Pasco County School Board Leasing Corporation (Leasing Corporation), whereby the District secured financing of various educational facilities in the total amounts of \$4,546,000, \$66,415,000, \$785,612, \$76,045,000, \$74,115,000, \$1,170,000, \$11,000,000, \$45,385,000, \$30,655,000, \$75,656,458, \$13,655,000, \$44,145,000, and 25,995,000 respectively.

The financing was accomplished through the issuance of Certificates of Participation, as listed below, to be repaid from the proceeds of rents paid by the District. On March 1, 2004, the financing agreements with the Florida School Boards Association were assigned to the Leasing Corporation.

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

| | Amount Issued | Amount Outstanding | Remaining Interest Rates (Percent) | Annual Maturity To |
|-------------------------------------|-----------------------|-----------------------|--|--------------------------|
| Certificates of Participation | | | | |
| Series 2004 - QZAB | \$ 4,546,000 | \$ 4,546,000 | 1.00 | 2018 |
| Series 2005B (1) | 30,500,000 | 30,500,000 | WeeklyARS | 2030 |
| Series 2005 - QZAB | 785,612 | 785,612 | 0.00 | 2020 |
| Series 2007A | 76,045,000 | 3,530,000 | 4.00 - 5.00 | 2017 |
| Series 2008C (2) | 74,115,000 | 72,460,000 | Weekly | 2032 |
| Series 2008 - QZAB | 1,170,010 | 234,002 | 0.00 | 2018 |
| Series 2009 - QSCB | 11,000,000 | 11,000,000 | 2.44 | 2025 |
| Series 2013A(3) | 45,385,000 | 40,975,000 | 3.00 - 5.00 | 2029 |
| Series 2014A(4) | 30,655,000 | 29,480,000 | 2.98 | 2030 |
| Series 2014B-1 (5) | 72,246,316 | 64,578,867 | 2.60 | 2026 |
| Series 2014 - QSCB | 13,655,000 | 13,655,000 | 5.00 | 2037 |
| Series 2015A(6) | 44,145,000 | 44,145,000 | 5.00 | 2027 |
| Series 2016A | 25,995,000 | 25,445,000 | 2.00 - 5.00 | 2040 |
| Total Certificates of Participation | <u>\$ 430,242,938</u> | <u>\$ 341,334,481</u> | | |

Note: (1) The Series 2005B Certificates of Participation were initially issued as auction rate securities and bear interest at Auction Rates for generally successive 7-day Auction Periods. The principal portion of the Basic Lease Payments represented by the Series 2005B Certificates is payable on August 1, 2030. The interest rate for the 7-day Auction Period, including June 30, 2017, was 1.35 percent.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

- (2) On June 5, 2008, the School Board caused the issuance of the Certificates of Participation, Series 2008C in the aggregate principal amount of \$74,115,000 for the principal purpose of refunding, on a current basis, all of the outstanding Series 2007B Certificates.
- (3) On May 5, 2017, the School Board renewed the expiring floating rate note on the Series 2008C with Bank of America at an interest initially calculated as the SIFMA Index plus a 47 basis point spread. The floating rate note has to be renegotiated in three (3) years.
- (4) On July 2, 2013, the School Board caused the issuance of the Certificates of Participation, Series 2013A in the aggregate principal amount of \$45,385,000, which was used to refund portions of the Certificates of Participation, Series 2004.
- (5) On June 12, 2014, the School Board entered into an arrangement to refund a portion of the District's Certificates of Participation, Series 2005A. This refunding was accomplished through the issuance of \$30,655,000 of Certificates of Participation, Series 2014A.
- (6) On June 30, 2014, the School Board issued Certificates of Participation, Series 2014B-1 & 2014B-2 in the total principal amount of \$75,656,458, which was used to refund Certificates of Participation, Series 2008A and to terminate the swap agreement. Series 2014 B-2, the taxable portion of the bond issue in the amount of \$3,410,142, was paid off in the 2015-16 year.
- (7) On March 31, 2015, the School Board caused the issuance of the Certificates of Participation, Series 2015A in the aggregate principal amount of \$44,145,000, which were used to refund portions of the Certificates of Participation, Series 2007A.

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation with a rental fee of \$1 per year. The District has the following ground leases as of June 30, 2017:

| | Ground Lease Commencement Date | Run Through |
|-------------------------------|--------------------------------------|--------------------|
| Certificates of Participation | | |
| Series 2004 - QZAB | September 15, 2004 | September 15, 2018 |
| Series 2005B | July 1, 2005 | August 1, 2030 |
| Series 2005 - QZAB | December 23, 2005 | December 23, 2020 |
| Series 2007A | July 1, 2007 | August 1, 2017 |
| Series 2008C | July 1, 2007 | August 1, 2032 |
| Series 2008 - QZAB | September 23, 2008 | September 23, 2018 |
| Series 2009 - QSCB | December 16, 2009 | December 15, 2025 |
| Series 2013A | July 1, 2013 | August 1, 2029 |
| Series 2014A | June 1, 2014 | August 1, 2030 |
| Series 2014B-1 | June 30, 2014 | August 1, 2026 |
| Series 2014 - QSCB | December 1, 2014 | December 1, 2037 |
| Series 2015A | March 1, 2015 | August 1, 2027 |
| Series 2016A | January 1, 2016 | August 1, 2040 |

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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The District properties included in the ground lease agreements are as follows:

Certificates of Participation, Series 1992-A

Cotee River Elementary School
Seven Springs Middle School
Hudson Elementary School Media Center Addition
Mitty P. Locke Elementary School ESE Addition
R. B. Stewart Middle School ESE Addition
Lake Myrtle Elementary School ESE Addition
West Zephyrhills Elementary School Addition

Certificates of Participation, Series 1996

Sand Pine Elementary School
Chasco Elementary School
Wesley Chapel High School, Phases I and II
James M. Marlowe Elementary School
J. W. Mitchell High School
Pine View Elementary School

Certificates of Participation, Series 2004

Paul R. Smith Middle School
Wiregrass Ranch High School
Odessa Elementary School Equipment

Certificates of Participation, Series 2004-QZAB

Additions and Renovations for the following facilities:
Bayonet Point Middle School
Chasco Middle School
Cypress Elementary School
Gulf High School
Gulf Middle School
Hudson High School
Mitty P. Locke Elementary School
Lacoochee Elementary School
Pasco High School
Rodney B. Cox Elementary School
Ridgewood High School
Sanders Memorial Elementary School
Woodland Elementary School
T. E. Weightman Middle School
Zephyrhills High School

Certificates of Participation, Series 2005-QZAB

Additions and Renovations for the following facilities:
Fox Hollow Elementary School
Dr. Mary Giella Elementary School
Moore Mickens Education Center
Hudson Elementary School
Calusa Elementary School

Certificates of Participation, Series 2005-A and B

Gulf Highlands Elementary School
Trinity Oaks Elementary School
Dr. John Long Middle School
Odessa Elementary School

Certificates of Participation, Series 2007-A and B

Sunlake High School
New River Elementary School
Veterans Elementary School
Ridgewood High School Classroom Additions
Charles S. Rushe Middle School
Gulf Trace Elementary School
Zephyrhills High School Classroom Additions

Certificates of Participation, Series 2008-QZAB

Renovations for Pasco High School

Certificates of Participation, Series 2009 QSCB

Culinary Arts Academy at Land O Lakes High School
Renovations for Richey Elementary School

Certificates of Participation, Series 2014 QSCB

Repairs and Replacements of HVAC for the following facilities:
Wesley Chapel High School
Woodland Elementary School
San Antonio Elementary School
T.E. Weightman Middle School
Pineview Middle School
Ridgewood High School
Dr. Mary Giella Elementary School
Chasco Middle School
Seven Springs Elementary School
Anclote High School
Gulf High School
Pasco Middle School
Trinity Elementary School
Pasco Elementary School
Moon Lake Elementary School
Pine View Elementary
Seven Springs Middle School
Dear Park Elementary School
Hudson Middle School
James W. Mitchell High School
Centennial Elementary School
Cotee River Elementary School

Certificates of Participation, Series 2016A

Cypress Creek Middle/High School

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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The lease payments for the Series 2005-A, Series 2007-A, Series 2013-A, Series 2014-A, 2014-B(1) and 2014-B(2) and Series 2015A Certificates are payable by the District, semiannually, on August 1st and February 1st. Interest payments for the Series 2005-B Certificates are payable weekly at current auction interest rates until the final maturity date. Interest payments for the Series 2008-C Certificates are payable monthly. The lease payments for the Series 2004-QZAB Certificates are payable by the District, semiannually, on September 15th and March 15th. The lease payments for the Series 2005-QZAB and the Series 2008-QZAB are payable by the District, annually, on December 23rd and September 23rd respectively. Interest payments for the Series 2009-QSCB are payable by the District, quarterly, on September 15th, December 15th, March 15th and June 15th. The lease payments for the Series 2014 QSCB are payable by the District, semiannually, on June 1st and December 1st. The lease payments for the Series 2016A are payable by the District, semiannually, on December 30th and June 30th. The following is a schedule by years of future minimum lease payments under the lease agreements together with the present value of minimum lease payments as of June 30 2017:

| | Total | Principal | Interest |
|----------------------------------|-----------------------|-----------------------|-----------------------|
| Fiscal Year Ending June 30: | | | |
| 2018 | \$ 27,742,785 | \$ 14,442,551 | \$ 13,300,234 |
| 2019 | 31,080,639 | 18,299,822 | 12,780,817 |
| 2020 | 26,838,752 | 14,618,128 | 12,220,624 |
| 2021 | 26,852,717 | 15,199,171 | 11,653,546 |
| 2022 | 26,885,361 | 15,824,083 | 11,061,278 |
| 2023-2027 | 144,908,791 | 99,645,726 | 45,263,065 |
| 2028-2032 | 135,162,840 | 111,705,000 | 23,457,840 |
| 2033-2037 | 37,449,525 | 31,345,000 | 6,104,525 |
| 2038-2042 | 21,276,875 | 20,255,000 | 1,021,875 |
| Sub-Total | 478,198,285 | 341,334,481 | 136,863,804 |
| Add: Unamortized Premium on Debt | 13,602,071 | 13,602,071 | - |
| Total Minimum Lease Payments | <u>\$ 491,800,356</u> | <u>\$ 354,936,552</u> | <u>\$ 136,863,804</u> |

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. DERIVATIVE INSTRUMENTS

Objectives – On June 5, 2008, the District issued Certificates of Participation, Series 2008C in the aggregate principal amount of \$74,115,000. The Certificates of Participation, Series 2008C pay interest at a weekly rate determined by the Remarketing Agent and will mature on August 1, 2032.

The District entered into a pay-fixed, receive-variable interest rate swap agreement in order to protect against the potential of rising interest rates. The intention of the swap agreements was to effectively change the District's variable interest rate on the certificates of participation to a synthetically fixed rate. These interest rate swaps qualify for hedge accounting under Government Accounting Standards Board Statement No. 53; therefore, there is no impact on the Statement of Net Position.

On May 5, 2017, the School Board renewed the expiring floating rate note on the Series 2008C with Bank of America at an interest initially calculated as the SIFMA Index plus a 47 basis point spread. The floating rate note must be renegotiated in three (3) years from the issuance of the floating rate note.

The interest rate swap is reported as an investment derivative instrument because it does meet the criteria for effectiveness. Accordingly, the change in the fair value of the swap was reported within the investment earnings classification for the year ended June 30, 2017.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2017 and the changes in fair values of such derivative instruments for the year ended are as follows:

| | Changes In Fair Value | | Fair Value at June 30, 2017 | | |
|-------------------------|-----------------------|--------------|-----------------------------|----------------|---------------|
| | Classification | Amount | Classification | Amount | Notional |
| Governmental activities | | | | | |
| Fair value hedges: | | | | | |
| Pay-fixed interest rate | | | | | |
| swaps | Deferred outflow | \$ 7,449,724 | Debt | \$(15,563,983) | \$ 72,460,000 |

Terms – The Certificates of Participation, Series 2008C and related swap agreement mature on August 1, 2032. The swap's notional amount of \$72,670,000 matches the \$72,670,000 variable-rate certificates of participation. The swap agreement was entered into at the same time the Series 2008C Certificates of Participation were issued. The notional value of the swap declines in direct relationship to the certificates of participation principal payments. Under the swap agreement, the District pays the trustee, U.S. Bank, a fixed payment of 4.38 percent and Bank of America, N.A. pays the trustee the variable interest payment for the certificates of participation, which is based on USD-SIFMA Municipal Swap Index.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Fair Value – Because interest rates have declined since inception of the swap, it has resulted in a fair value of negative \$15,563,983 for the Certificates of Participation, Series 2008C. The estimated the fair value of the Certificates of Participation, Series 2008C related swap agreement using estimated prices or spread levels at which the bank, in its capacity as an agent for the customer, might find liquidity for a round lot transaction within the relevant market. This fair value estimate is calculated based on level 2 valuation inputs.

Credit Risk – The District is exposed to credit risk when a swap has a positive fair value. All the swap agreements contain a collateral agreement with the Counterparty. A Counterparty's credit rating from either Standard & Poor's (S&P) and/or Moody's Investors Service must be A+ or A1, respectively. If the Counterparty or guarantor's long term unsecured rating falls below Baa3 or BBB- by either Moody's or S&P, a replacement counterparty or guarantor, meeting the rating requirements above, shall be required.

Termination Risk – In the event the swap is terminated, the District could be exposed to higher interest rate payments on the Certificate. Also, if at the time of termination, the swap has a negative fair value, the District would be liable to the Counterparty for payment equal to the swap's fair value. Under certain circumstances, some within the control and some outside the control of the School Board, the 2008C swap agreement may be terminated and the School Board may be obligated to make a termination payment, which under certain market conditions, could be substantial.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

10. BONDS PAYABLE

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

| Bond Type | Amount Outstanding | Original Amount | Interest Rates (Percent) | Range of Final Maturity Dates |
|------------------------------|-----------------------|--------------------|--------------------------------|-------------------------------------|
| State School Bonds: | | | | |
| Series 2008-A | \$ 220,000 | \$ 5,295,000 | 4.25 - 5.00 | 2017-2028 |
| Series 2009-A, Refunding | 310,000 | 1,300,000 | 5.00 | 2017-2019 |
| Series 2010A | 1,170,000 | 1,450,000 | 3.50 - 5.00 | 2017-2030 |
| Series 2011A | 920,000 | 1,710,000 | 3.00 - 5.00 | 2017-2023 |
| Series 2014A, Refunding | 1,376,000 | 1,724,000 | 2.00 - 3.00 | 2017-2025 |
| Series 2014B, Refunding | 280,000 | 2,411,000 | 2.00 - 5.00 | 2017-2020 |
| Series 2017A, Refunding | 3,288,000 | 3,288,000 | 5.00 | 2017-2028 |
| District Revenue Bonds: | | | | |
| Series 2003, Refunding | 2,475,000 | 3,660,000 | 4.00 - 4.625 | 2017-2033 |
| Series 2013, Sales Tax | 80,420,000 | 96,715,000 | 3.00 - 5.00 | 2017-2024 |
| Series 2016, Sales Tax | 27,915,000 | 30,075,000 | 1.99 | 2017-2024 |
| Subtotal | 118,374,000 | | | |
| Unamortized Premium on Debt | 7,966,616 | | | |
| Unamortized Discount on Debt | (32,181) | | | |
| Total Bonds Payable | <u>\$ 126,308,435</u> | | | |

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

➤ **State School Bonds**

These bonds are issued by the State Board of Education on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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➤ **District Revenue Bonds**

District Revenue Bonds, Refunding Series 2003 - These bonds are authorized by Chapter 79-547 and 79-548, Special Acts of 1979, Laws of Florida, which provides that the bonds be secured from the pari-mutuel tax proceeds distributed annually to Pasco County from the State's Pari-Mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds are distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes, now Section 212.20(6)(d)6.a., Florida Statutes). The approximate amount of pari-mutuel tax proceeds pledged is \$3,539,944, which represents the total amount of principal and interest still due, and the remaining period of the pledge is 18 years. The annual distribution is remitted by the Florida Department of Financial Services to the District. The District pledged 100 percent of these revenues for the Series 2003 bond issue until repaid. The Series 2003 bonds were issued to provide funds, together with other available funds, sufficient to (1) refund all refunded bonds, (2) finance the cost of the 2003 project, and (3) pay issuance costs of the 2003 Series bonds. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account. For the 2016-2017 fiscal year, the District recognized \$223,250 in pledged revenue and paid \$221,231 of principal and interest.

Sales Tax Revenue Bonds – Series 2013 and Series 2016 - These bonds are authorized by the Constitution and Laws of the State of Florida, particularly Chapter 1001, Florida Statutes, Chapter 212, Part I, Florida Statutes, Chapter 2006-340, Laws of Florida, and other applicable provisions of law. The bonds are secured by a pledge of the proceeds received from the levy by the County and collection by the Florida Department of Revenue of a one cent local infrastructure sales surtax. The approximate amount of local infrastructure sales surtax pledged is \$127,478,669, which represents the total amount of principal and interest still due, and the remaining period of the pledge is nine years. The District pledged approximately 65 percent of the total sales tax revenue until the bonds were repaid. These bonds were issued for the purpose of providing funds, together with other available funds of the District, to finance the major remodeling and infrastructure upgrades of elementary, middle, and high schools within the District. For the 2016-2017 fiscal year, the District recognized pledged revenue of \$26,942,544 and paid \$12,280,819 in principal and interest for Series 2013 and \$2,737,001 in principal and interest for Series 2016.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
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Annual requirements to amortize all bonded debt outstanding as of June 30, 2017, are as follows:

| | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|------------------------------|-----------------------------|-----------------------------|----------------------------|
| State School Bonds: | | | |
| 2018 | \$ 1,280,338 | \$ 922,000 | \$ 358,338 |
| 2019 | 1,062,565 | 759,000 | 303,565 |
| 2020 | 924,265 | 658,000 | 266,265 |
| 2021 | 911,205 | 677,000 | 234,205 |
| 2022 | 933,355 | 733,000 | 200,355 |
| 2023-2027 | 3,541,785 | 3,013,000 | 528,785 |
| 2028-2032 | <u>843,710</u> | <u>802,000</u> | <u>41,710</u> |
| Total State School Bonds | <u>9,497,223</u> | <u>7,564,000</u> | <u>1,933,223</u> |
| District Revenue Bonds: | | | |
| 2018 | 16,231,621 | 11,880,000 | 4,351,621 |
| 2019 | 16,180,125 | 12,290,000 | 3,890,125 |
| 2020 | 16,187,401 | 12,805,000 | 3,382,401 |
| 2021 | 16,156,283 | 13,305,000 | 2,851,283 |
| 2022 | 16,142,682 | 13,865,000 | 2,277,682 |
| 2023-2027 | 48,795,394 | 45,530,000 | 3,265,394 |
| 2028-2032 | 1,105,394 | 925,000 | 180,394 |
| 2033-2037 | <u>219,713</u> | <u>210,000</u> | <u>9,713</u> |
| Total District Revenue Bonds | <u>131,018,613</u> | <u>110,810,000</u> | <u>20,208,613</u> |
| Subtotal | 140,515,836 | 118,374,000 | 22,141,836 |
| Unamortized Discount on Debt | (32,181) | (32,181) | - |
| Unamortized Premium on Debt | <u>7,966,616</u> | <u>7,966,616</u> | <u>-</u> |
| Total | <u><u>\$148,450,270</u></u> | <u><u>\$126,308,435</u></u> | <u><u>\$22,141,836</u></u> |

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11. CHANGES IN LONG-TERM LIABILITIES

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

| Description | Balance 7/1/2016 | Additions | Deductions | Balance 6/30/2017 | Due in One Year |
|---|-----------------------|-----------------------|----------------------|-----------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Bonds Payable | \$ 130,572,000 | \$ 3,288,000 | \$ 15,486,000 | \$ 118,374,000 | \$ 12,802,000 |
| Add: Unamortized Premium (Discount) on Debt | 9,222,130 | 501,636 | 1,789,331 | 7,934,435 | 1,722,004 |
| Total Bonds Payable | <u>139,794,130</u> | <u>3,789,636</u> | <u>17,275,331</u> | <u>126,308,435</u> | <u>14,524,004</u> |
| Certificates of Participation Payable | 354,349,550 | - | 13,015,069 | 341,334,481 | 14,442,551 |
| Add: Unamortized Premium on Debt | 14,698,536 | - | 1,096,465 | 13,602,071 | 1,096,465 |
| Total Certificates of Participation Payable | <u>369,048,086</u> | <u>-</u> | <u>14,111,534</u> | <u>354,936,552</u> | <u>15,539,016</u> |
| Obligations Under Capital Leases | 11,487,471 | 10,410,159 | 4,580,964 | 17,316,666 | 5,181,871 |
| Estimated Insurance Claims Payable | 7,682,000 | 2,140,251 | 3,070,251 | 6,752,000 | 2,427,000 |
| Compensated Absences Payable (1) | 38,408,632 | 14,400,096 | 13,166,735 | 39,641,993 | 1,394,091 |
| Other Post-Employment Benefits Obligation (2) | 61,104,415 | 11,713,329 | 3,332,517 | 69,485,227 | - |
| Net Pension Liability - FRS / HIS (3) | 224,559,639 | 140,552,816 | 25,787,831 | 339,324,624 | 4,243,279 |
| Derivatives Swap Liability | <u>23,013,707</u> | <u>-</u> | <u>7,449,724</u> | <u>15,563,983</u> | <u>-</u> |
| Total Governmental Activities | <u>\$ 875,098,080</u> | <u>\$ 183,006,287</u> | <u>\$ 88,774,887</u> | <u>\$ 969,329,480</u> | <u>\$ 43,309,261</u> |
| BUSINESS - TYPE ACTIVITIES | | | | | |
| Compensated Absences Payable | \$ 539,382 | \$ 332,736 | \$ 338,715 | \$ 533,403 | \$ - |
| Other Post-Employment Benefits Obligation | 1,054,064 | 196,512 | 55,908 | 1,194,668 | - |
| Net Pension Liability - FRS / HIS | <u>3,521,764</u> | <u>1,872,916</u> | <u>383,747</u> | <u>5,010,933</u> | <u>-</u> |
| Total Business - Type Activities | <u>\$ 5,115,210</u> | <u>\$ 2,402,164</u> | <u>\$ 778,370</u> | <u>\$ 6,739,004</u> | <u>\$ -</u> |

Note (1) includes balances at June 30 2017, of the Internal Service Funds of \$315,515 with \$29,206 due in one year, and additions and deductions of \$124,379 and \$139,062, respectively.

Note (2) includes balances at June 30 2017, of the Internal Service Funds of \$265,514, and additions and deductions of \$42,875 and \$12,198, respectively.

Note (3) includes balances at June 30 2017, of the Internal Service Funds of \$2,510,621, and additions and deductions of \$982,195 and \$192,268, respectively.

For the governmental activities, compensated absences, other post-employment benefits and net pension liabilities are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with resources of the Internal Service Fund, as discussed in Note 22.

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12. FUND BALANCE REPORTING

There are two major types of fund balances, 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 and inventories, and principal (corpus) of an endowment fund. The District has inventories totaling \$8,231,140 and prepaid items totaling \$88,713 that are considered nonspendable. The District does not have nonspendable funds related to endowments.

Spendable fund balances are classified based on a hierarchy of spending constraints. The District has classified the spendable fund balances as *Restricted*, *Committed*, *Assigned*, and *Unassigned* and considers each to have been spent when expenditures are incurred. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use in governmental fund financial statements, it is the District's policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

- Restricted: The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations or other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraints on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as, unspent State categorical and earmarked education funding that are legally or otherwise restricted. The District's restricted fund balance total is \$143,707,518 and represents \$4,089,246 in State Categorical programs primarily for Instructional Materials, \$6,492,995 in Food Service, \$18,885,182 in Debt Service, and \$114,240,095 in Capital Projects.
- Committed: The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the Board). Amounts are committed upon a majority vote of the Board at a public meeting. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District does not report any committed fund balance.
- Assigned: The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. The Board has adopted Policy 6220, which authorizes the Superintendent to assign amounts in fund balance to a specific purpose. At fiscal year-end, based on the Board policy, the assigned fund balances were \$22,506,068 for local instructional programs and \$3,222,336 was assigned to eliminate a deficit in next year's budget.

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- Unassigned: The portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed or assigned for specific purposes. The Board has not adopted a stabilization arrangement or a minimum fund balance policy. Instead, the Board has adopted Policy 6220 which states that to ensure the financial strength, maintain a favorable bond rating, and the stability of the District, the adopted annual operating budget shall include a reasonable unassigned fund balance to cover unforeseen events (e.g. revenue shortfalls, student enrollment under projections, etc.). At the end of the fiscal year, the unassigned General Fund balance was \$26,708,735 or 5.01 percent of General Fund total expenditures. This indicates a positive financial condition for the District.

The following table represents fund balances at June 30, 2017:

| Description | Major Funds | | Other Governmental Funds | Total Governmental Funds |
|---------------------------------|-------------------------|---------------------------------|--------------------------------|--------------------------------|
| | General Funds | Capital Projects Other Funds | | |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventories: | | | | |
| General Fund | \$ 3,349,242 | \$ - | \$ - | \$ 3,349,242 |
| Capital Projects Other | - | 3,831,027 | - | 3,831,027 |
| Special Revenues - Food Service | - | - | 1,050,871 | 1,050,871 |
| Prepaid Items: | | | | |
| General Fund | 88,713 | - | - | 88,713 |
| Restricted: | | | | |
| Categorical Programs | 4,089,246 | - | - | 4,089,246 |
| Special Revenues -Food Service | - | - | 6,492,995 | 6,492,995 |
| Debt Service | - | - | 18,885,182 | 18,885,182 |
| Capital Projects | - | 89,135,571 | 25,104,524 | 114,240,095 |
| Assigned: | | | | |
| School Operations | | | | |
| State and Local Programs | 22,506,068 | - | - | 22,506,068 |
| Next Year Budget | 3,222,336 | - | - | 3,222,336 |
| Unassigned: | 26,708,735 | - | - | 26,708,735 |
| | <u>\$ 59,964,340</u> | <u>\$ 92,966,598</u> | <u>\$ 51,533,572</u> | <u>\$ 204,464,510</u> |

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13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

| Funds | Interfund | |
|---|---------------------|---------------------|
| | Receivables | Payables |
| Major Funds: | | |
| General Fund | \$ 7,329,987 | \$ - |
| Special Revenue - Other Federal Programs Fund | - | 5,257,483 |
| Nonmajor Governmental Funds | - | 1,321,075 |
| Pension Trust - Fiduciary Fund | - | 751,429 |
| Total | <u>\$ 7,329,987</u> | <u>\$ 7,329,987</u> |

Interfund receivables and payables are temporary loans of cash between funds allowable under Section 1011.09(2), Florida Statutes, for a period of less than 13 months. The temporary loans do not restrict, impede, or limit implementation or fulfillment of the original purpose for which the monies were received in the fund providing the advancement. All amounts will be repaid within the 2017-2018 fiscal year.

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

| Funds | Interfund | |
|-----------------------------|----------------------|----------------------|
| | Transfers In | Transfers Out |
| Major Funds: | | |
| General | \$ 2,008,862 | \$ 1,586,500 |
| Capital Projects - Other | - | 15,164,126 |
| Nonmajor Governmental Funds | 48,412,179 | 33,080,142 |
| Internal Service Funds | - | 185,000 |
| Enterprise Funds | - | 405,273 |
| Total | <u>\$ 50,421,041</u> | <u>\$ 50,421,041</u> |

Interfund transfers represent permanent transfers of monies between funds. In general, funds are transferred from Capital Projects to the Debt Service Funds to make debt service payments for outstanding bond issues and capital leases. The transfers from the Capital Projects Other Fund to the General Fund are for Charter Schools Capital Outlay funds. The transfer from the Internal Service Fund to the General Fund is to cover expenses related to athletic participation. Transfers between Internal Service Funds have been eliminated in this summary.

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14. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2016-2017 fiscal year:

| | |
|---|----------------------------------|
| Florida Education Finance Program | \$ 298,842,427 |
| Class Size Reduction | 77,979,079 |
| School Recognition | 2,442,129 |
| Motor Vehicle License Tax (Capital Outlay and Debt Service) | 2,946,058 |
| Workforce Development Program | 2,877,665 |
| Best and Brightest | 1,736,873 |
| Public Education Capital Outlay (PECO) | 2,308,147 |
| Voluntary Pre K | 1,505,445 |
| Regional STEM - Tampa Bay Region Aeronautics | 744,088 |
| Charter School Capital Outlay Funding | 1,075,895 |
| Food Service Supplement | 377,682 |
| Mobile Home License Tax | 399,204 |
| Fuel Tax Refund | 183,687 |
| Full Service Schools | 137,325 |
| School Health Supplement | 112,886 |
| Miscellaneous | <u>498,502</u> |
| Total | <u><u>\$ 394,167,092</u></u> |

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

15. PROPERTY TAXES

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

| | <u>Millages</u> | <u>Taxes Levied</u> |
|----------------------------------|-----------------|-----------------------|
| <u>GENERAL FUND</u> | | |
| Nonvoted School Tax: | | |
| Required Local Effort | 4.529 | \$ 114,328,106 |
| Basic Discretionary Local Effort | 0.748 | 18,882,186 |
| <u>CAPITAL PROJECTS FUNDS</u> | | |
| Nonvoted Tax: | | |
| Local Capital Improvements | <u>1.500</u> | <u>37,865,347</u> |
| Total | <u>6.777</u> | <u>\$ 171,075,639</u> |

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16. FLORIDA RETIREMENT SYSTEM PENSION PLANS

Florida Retirement System (FRS) – Defined Benefit Pension Plans – The Florida Retirement System (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. Additionally, Chapter 112, Florida Statutes established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs.

Essentially, all regular employees of the District are eligible to enroll as members of the State-administered FRS. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. Plan provisions 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. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's FRS And HIS pension expense totaled \$45,022,355 for the fiscal year ended June 30, 2017.

Florida Retirement System (FRS) Defined Benefit Pension Plan

Plan Description – The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. Employees in the Plan vest at six years of service if enrolled before July 1, 2011. All employees enrolled in the Plan on or after July 1, 2011, vest at eight years of 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, which may include up to four (4) years of credit for military service. Members who enrolled in the Plan on or after July 1, 2011, and become vested are eligible for normal retirement benefits at age 65 or at any age after 33 years of service, which may include up to four (4) years of credit for military service. The Plan also includes an early retirement provision but there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments.

DROP, subject to the provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate, except that certain instructional

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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.

There are three general classes of membership applicable to the District, as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) - Members in senior management level positions.
- Elected District Officers - Members who are elected officers of the District.

Benefits Provided – Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. 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> |
|--|----------------|
| <u>Regular Class members initially enrolled before July 1, 2011</u> | |
| 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 |
| <u>Regular Class members initially enrolled on or after July 1, 2011</u> | |
| 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 |
| <u>Elected District Officers</u> | 3.00 |
| <u>Senior Management Service Class</u> | 2.00 |

As provided in Section 121.101, Florida Statutes, the annual cost of living adjustment (COLA) for retirees with an effective retirement date or DROP begin date effective before August 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date effective on or after August 1, 2011, will be the sum of the pre-July 2011 service credit

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divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of August 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

Contributions – The Florida Legislature establishes the contribution rates for participating employers and employees. During the 2016-2017 fiscal year, contribution rates were as follows:

| Class or Plan | Percent of Gross Salary | |
|--|-------------------------|-----------------|
| | Employee | Employer (A) |
| Florida Retirement System, Regular | 3.00 | 7.52 |
| Florida Retirement System, Elected County Officers | 3.00 | 42.47 |
| Florida Retirement System, Senior Management Service | 3.00 | 21.77 |
| Deferred Retirement Option Program, Applicable to Members from All of the Above Classes | 0.00 | 12.99 |
| Florida Retirement System, Reemployed Retiree | (B) | (B) |

Note: (A) Employer rates include 1.66 percent for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs of the Investment Plan.

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

The District's contributions to the FRS Pension Plan (not including the 1.66 percent HIS Program Contributions or employee contributions) totaled \$21,889,801 for the fiscal year ended June 30, 2017. Employee contributions totaled \$8,658,414 for the same period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the District reported a liability of \$209,652,102 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.8303 percent, which was a decrease of 0.0405 percent from its proportionate share of 0.8708 percent measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$32,834,222 for the FRS Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

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| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 16,052,577 | \$ 1,952,003 |
| Changes in assumptions | 12,683,325 | - |
| Net difference between projected and actual earnings on pension plan investments | 54,192,513 | - |
| Changes in proportionate share of District in relation to other Plan participants and changes in proportionate share between District funds | 7,011,035 | 6,320,478 |
| District contributions subsequent to the measurement date | 21,889,801 | - |
| Total | <u>\$ 111,829,251</u> | <u>\$ 8,272,481</u> |

The deferred outflows of resources related to pensions totaling \$21,889,801 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending June 30 | Amount |
|----------------------------------|----------------------|
| 2018 | \$ 12,020,821 |
| 2019 | 12,020,821 |
| 2020 | 33,148,426 |
| 2021 | 21,520,198 |
| 2022 | 2,269,331 |
| Thereafter | 687,372 |
| Total | <u>\$ 81,666,969</u> |

Actuarial Assumptions – The total pension liability for the FRS Pension Plan was determined by an actuarial valuation based on the following assumptions:

| | |
|--|--|
| Valuation date | July 1, 2016 |
| Discount rate | 7.60% |
| Long-term expected rate of return, net of investment expense, including inflation | 7.60% |
| Inflation | 2.60% |
| Salary increases, including inflation | 3.25% |
| Mortality | Generational RP-2000 with Projection Scale BB |
| Actuarial cost method | Entry Age Normal |

The actuarial assumptions that determined the total pension liability as of June 30, 2016, were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013.

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

Long-Term Expected Rate of Return – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2016 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the SBA. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

| Asset Class | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|-------------------|--------------------------|------------------------------------|--------------------|
| Cash | 1% | 3.0% | 3.0% | 1.7% |
| Fixed income | 18% | 4.7% | 4.6% | 4.6% |
| Global equity | 53% | 8.1% | 6.8% | 17.2% |
| Real Estate (Property) | 10% | 6.4% | 5.8% | 12.0% |
| Private Equity | 6% | 11.5% | 7.8% | 30.0% |
| Strategic investments | 12% | 6.1% | 5.6% | 11.1% |
| Total | 100.00% | | | |
| Assumed Inflation - Mean | | 2.60% | | 1.90% |

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 of the FRS Pension Plan calculated using the discount rate of 7.60 percent as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.60 percent) or 1 percentage-point higher (8.60 percent) than the current rate:

| | 1% Decrease (6.60%) | Current Discount Rate (7.60%) | 1% Increase (8.60%) |
|--|------------------------|----------------------------------|------------------------|
| District's proportionate share of | | | |
| FRS Pension Plan net pension liability | \$ 385,983,714 | \$ 209,652,102 | \$ 62,879,323 |

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

Health Insurance Subsidy (HIS) Defined Benefit Pension Plan

Plan Description – The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. 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 Department of Management Services.

Benefits Provided – For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The state contributed 100 percent of its statutorily required contributions for the current and preceding two (2) 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 Pension Plan totaled \$6,156,250 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the District reported a net pension liability of \$134,683,455 for its proportionate share of the HIS Pension Plan net pension liability. The current portion of the net pension liability is the District's proportionate share of benefits expected to be paid within 1 year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. This current portion will be funded from the District's required contributions to the FRS including the established HIS amount of 1.66 percent. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 1.1556 percent, which was an increase of 0.0220 percent from its proportionate share of 1.1336 percent measured as of June 30, 2015.

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For the fiscal year ended June 30, 2017, the District recognized pension expense of \$12,188,133 for the HIS Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Changes in assumptions | \$ 21,135,258 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | 68,099 | - |
| Changes in proportionate share of District in relation to other Plan participants and changes in proportionate share between District funds | 6,706,994 | 2,595,692 |
| District contributions subsequent to the measurement date | 6,156,250 | - |
| Total | <u>\$ 34,066,601</u> | <u>\$ 2,595,692</u> |

The deferred outflows of resources related to pensions totaling \$6,156,250 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending June 30 | Amount |
|----------------------------------|----------------------|
| 2018 | \$ 4,739,560 |
| 2019 | 4,739,560 |
| 2020 | 4,726,593 |
| 2021 | 4,931,753 |
| 2022 | 3,092,201 |
| Thereafter | 3,084,992 |
| Total | <u>\$ 25,314,659</u> |

Actuarial Assumptions – The total pension liability for the HIS Pension Plan was determined by an actuarial valuation based on the following assumptions:

| | |
|---------------------------------------|--|
| Valuation date | July 1, 2016 |
| Discount rate | 2.85% |
| Municipal bond rate | 2.85% |
| Inflation | 2.60% |
| Salary increases, including inflation | 3.25% |
| Mortality | Generational RP-2000 with Projection Scale BB |
| Actuarial cost method | Entry Age Normal |

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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The actuarial assumptions that determined the total pension liability as of June 30, 2016, were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Discount Rate – 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 of the HIS Pension Plan calculated using the discount rate of 2.85 percent as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.85 percent) or 1 percentage-point higher (3.85 percent) than the current rate:

| | 1% Decrease (1.85%) | Current Discount Rate (2.85%) | 1% Increase (3.85%) |
|--|------------------------|----------------------------------|------------------------|
| District's proportionate share of | | | |
| HIS Pension Plan net pension liability | \$ 154,512,522 | \$ 134,683,455 | \$ 118,226,412 |

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

Defined Contribution Plan

Pursuant to Section 121.4501, Florida Statutes, the Florida Legislature created a defined contribution program called the FRS Investment Plan (Investment Plan). Employees in the Investment Plan vest after one year of service. District employees participating in DROP are not eligible to participate in the program. This program is administered by the SBA as an option to the defined benefit plan, and reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave FRS. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as in the FRS defined-benefit plan. Contributions are directed to the individual member accounts, and the individual members allocate contributions and account balances among various approved investment options. Allocations to the investment members' accounts during the 2016-17 fiscal year were as follows:

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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| Class | Percent of Gross Compensation |
|--|----------------------------------|
| Florida Retirement System, Regular | 6.30 |
| Florida Retirement System, Elected County Officers | 11.34 |
| Florida Retirement System, Senior Management Service | 7.67 |

For all membership classes, employees are immediately vested in their own contributions and are vested after one (1) 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 (5) 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, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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 FRS Investment Plan contributions and pension expense (not including the 1.66 percent HIS contributions or employee contributions) totaled \$3,539,894 for the fiscal year ended June 30, 2017. Employee contributions totaled \$1,758,515 for the same period.

Payables to Pension Plan

At June 30, 2016, the District reported payables of \$3,7391,687 for the outstanding amount of employee (\$942,473) and employer (\$2,797,214) contributions to the FRS Plans required for the fiscal year ended June 30, 2017. This includes amounts for the FRS Pension Plan, the HIS Pension Plan and the FRS Investment Plan.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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17. EARLY RETIREMENT PROGRAM

Plan Description

As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (the "Plan"), effective July 1, 1983, and amended as of January 1, 1997. The Plan is a single-employer, defined benefit pension plan. The purpose of the Plan is to provide District employees, who elect to retire under the early retirement provisions of the FRS, as described in Note 18, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age.

On January 20, 2015, the Board ratified a new contract with the Union stating that, effective June 30, 2018, no employee or retiree will be permitted to begin receiving an early retirement benefit. Any employee or retiree already receiving a benefit will continue to receive any benefit to which he/she is entitled.

Based on an actuarial report as of July 1, 2015, employee membership data related to the Plan was as follows.

| | |
|---|------------|
| Retirees and Beneficiaries Currently Receiving Benefits | 259 |
| Active Plan Participants | <u>587</u> |
| Total | <u>846</u> |

A summary of eligibility and benefits follow:

➤ Eligibility

The participant must have elected early retirement under the FRS; attained the age of 50 but not have attained the age of 62 upon early retirement; been credited with at least 25 years (and who have reached the final step on the appropriate salary schedule) of service under the FRS upon early retirement; and (for nonunion contract employees) completed at least 12 years of service in the District.

➤ Benefits

The amount of the monthly benefit will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement. The benefit amount will be based on the initial benefit amount determined by the FRS prior to any cost-of-living adjustments and will remain unchanged, once established, unless a specific increase is authorized by the Board. Effective July 1, 1997, the amount of early retirement benefits for new participants ages 50 through 54 has been reduced to a flat 35 percent of the FRS benefit, with this reduction phased-in over a period of four (4) years. In addition, the plan was amended effective June 2011 to provide a one-time early retirement incentive payment for certain individuals who retired during the month. The payment was equal to 10 percent of annual salary to a maximum benefit of \$5,000.

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Summary of Significant Accounting Policies

The Plan is accounted for as a Pension Trust Fund; therefore it is accounted for in substantially the same manner as a proprietary fund with a capital maintenance measurement focus and the accrual basis of accounting. Employer contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan assets are valued at fair value for financial statement purposes.

Separate statements are not issued for the plan.

Contributions and Reserves

The District's Early Retirement Plan was established by the Board on July 1, 1983, and amended as of January 1, 1997. Pursuant to the Plan Agreement, no contribution shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the Plan and to amortize the unfunded actuarial accrued liability within 30 years based on an actuary study. There are no long-term contracts to the Plan. Periodic employer contributions to the Plan are determined on an actuarial basis using the Entry Age Normal Cost Method. Annual pension cost is funded on a current basis. Pursuant to Section 112.64, Florida Statutes, the unfunded actuarial accrued liability is funded over a 30-year period for participants prior to July 1, 1997, and funded over a 40-year period for the revised plan. Periodic contributions for both normal cost and the amortization of the unfunded actuarial liability are based on the level percentage of payroll method.

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

Total contributions to the Plan amounted to \$1,662,560 in fiscal year 2014-2015, and \$0 for both 2015-2016 and 2016-2017 fiscal years. The contributions were paid by the Board and were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2015. The percentage of pension cost contributed by the Board was 100 percent for all three (3) fiscal years.

As of June 30, 2017, the actuarial accrued liability for benefits was \$14,587,748. The computation of the annual required contribution for the 2016-2017 fiscal year was based on the same: (a) actuarial assumptions, (b) benefit provisions, (c) actuarial funding method and (d) other significant factors used to determine the required annual contributions for the previous fiscal years.

Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. All of the assets in the District's Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose. Costs of administering the Plan are financed through the Plan's resources (employer contributions and investment earnings).

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Investments

The Board of the Early Retirement Program includes the same members as the District School Board of Pasco County which established and has the authority to amend the investment policy for the plan. An Investment Oversight Committee monitors the investment performance and reports to the Board. On January 20, 2015, the Board approved an updated investment policy that allows the plan to invest in equities and fixed income securities.

The following was the Board adopted asset allocation as of June 30, 2017:

| Asset Class | Asset Allocation | |
|-----------------------|------------------|--------|
| | Range | Target |
| Domestic Equity | 19% - 59% | 39% |
| International Equity | 3% - 43% | 21% |
| Other / Alternatives | 0% - 15% | 0% |
| Domestic Fixed Income | 20% - 60% | 40% |
| Cash Equivalent | 0% - 20% | 0% |

The Plan's cash and investments at June 30, 2017, consisted of the following:

| Fair Value Measurements Using | | | | | | |
|--|---------------------------|--------------------------|----------------------------------|--|---|--|
| | Maturity Range | Balance June 30, 2017 | Percentage of Plan Net Assets | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <u>Investments by Fair Value Level</u> | | | | | | |
| Collateralized Mortgage Obligations | 15.99 Years - 18.82 Years | \$ 449,058 | 2.46% | - | 449,058 | - |
| Corporate Bonds | 5.83 Years - 16.21 Years | 200,491 | 1.10% | 200,491 | - | - |
| Government Sponsored Enterprises | 2.99 years - 16.15 Years | 143,678 | 0.79% | - | 143,678 | - |
| Government and Municipal Bonds | 0.09 Years - 28.71 Years | 8,399,149 | 46.05% | 8,399,149 | - | - |
| Total Investments by Fair Value Level | | <u>9,192,376</u> | <u>50.40%</u> | <u>\$ 8,599,640</u> | <u>\$ 592,736</u> | <u>\$ -</u> |
| <u>Investments Measured at Net Asset Value (NAV)</u> | | | | | | |
| Domestic Equity Mutual Funds | | 3,152,115 | 17.28% | | | |
| International Equity Mutual Funds | | 1,000,152 | 5.48% | | | |
| Domestic Fixed Income Mutual Funds | | <u>2,365,160</u> | <u>12.97%</u> | | | |
| Total Investments Measured at NAV | | <u>6,517,427</u> | <u>35.74%</u> | | | |
| <u>Investments Measured at Amortized Cost</u> | | | | | | |
| Cash and Cash Equivalents | | 1,291 | 0.01% | | | |
| Money Market Funds | | <u>2,526,686</u> | <u>13.85%</u> | | | |
| Total Investments Measured at Amortized Cost | | <u>2,527,977</u> | <u>13.86%</u> | | | |
| Total Investments | | \$ 18,237,780 | 100.00% | | | |

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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Credit Risk

- The District's investment policy authorizes the District to participate in the SBA Florida PRIME. The policy also authorizes the District to invest in interest-bearing time deposits or savings accounts, direct obligations of the United States Treasury, money market funds with the Securities and Exchange Commission, and United States government funds registered under the Investment Act of 1940. The policy further provides that the securities shall only be purchased from financial institutions which are qualified as public depositories by the Treasurer of the State of Florida, Florida-based regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1, or from primary security dealers as designated by the Federal Reserve of New York.
- The Plan's investments in Collateralized Mortgage Obligations had ratings of D to AAA by Standard and Poor's or of WR to A3 by Moody's.
- The Plan's investments in Corporate Bonds had ratings of BBB+ to A by Standard and Poor's or of Ba1 to A3 by Moody's.
- The Plan's investments in Government Sponsored Enterprises had a rating of Aaa by Moody's.
- The Plan's investments in Government and Municipal Bonds had ratings of NR to AAA by Standard and Poor's or of WR to Aaa by Moody's.

Concentration of Credit Risk

- The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk of the District's investment portfolio.
- Less than five (5) percent of the Early Retirement Plan's investments are in Government Sponsored Enterprise Securities.

Rate of Return

- For the year ended June 30, 2017, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 7.45 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Asset, Pension Income, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The components of the net pension asset of the District at June 30, 2017, the measurement date, were as follows:

| | |
|--|---------------------|
| Plan Fiduciary Net Position | \$ 17,637,847 |
| Total Pension Liability | <u>(14,587,748)</u> |
| Net Pension Asset | <u>\$ 3,050,099</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 120.91% |

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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For the fiscal year ended June 30, 2017, the District recognized pension income of \$86,964 for the SERP Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions for the SERP Pension Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Changes in Assumptions | \$ - | \$ 3,274,410 |
| Net difference between projected and actual earnings on pension plan investments | 891,597 | 16,632 |
| Total | <u>\$ 891,597</u> | <u>\$ 3,291,042</u> |

These amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the SERP Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending June 30 | Amount |
|----------------------------------|-----------------------|
| 2018 | \$ (147,962) |
| 2019 | (131,328) |
| 2020 | (231,258) |
| 2021 | (304,507) |
| 2022 | (422,505) |
| Thereafter | <u>(1,161,885)</u> |
| Total | <u>\$ (2,399,445)</u> |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--------------------|
| Valuation Date | July 1, 2015 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent Open |
| Remaining Amortization Period | 30 Years |
| Asset Valuation Method | Market Value |
| Actuarial Assumptions: | |
| Investment Rate of Return * | 6.95% |
| Projected Salary Increases * | 3.00% |
| *Includes Inflation at: | 2.50% |
| Cost-of-Living Adjustments | None |

The actuarial assumptions that determined the total pension liability as of June 30, 2017, were based on expectations as to future plan experience and not the results of a historical actuarial experience study.

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Long Term Expected Rate of Return

Best estimates of arithmetic real rate of return on the major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Expected Long-Term Real Rate of Return</u> |
|--------------------------------------|--------------------------|---|
| Domestic Equity | 39% | 6.48% per annum |
| International Equity | 21% | 6.65% per annum |
| Domestic Fixed Income | 30% | 3.13% per annum |
| Total or Weighted Arithmetic Average | 100% | 5.17% per annum |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability calculated using the discount rate of 7.67 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.67 percent) or 1-percentage-point higher (8.67 percent) than the current rate:

| | <u>1% Decrease (6.67%)</u> | <u>Current Discount Rate (7.67%)</u> | <u>1% Increase (8.67%)</u> |
|-----------------------------|--------------------------------|--|--------------------------------|
| Total Pension Liability | \$ 15,869,819 | \$ 14,587,748 | \$ 13,484,186 |
| Less Fiduciary Net Position | (17,637,847) | (17,637,847) | (17,637,847) |
| Net Pension Liability | <u>\$ (1,768,028)</u> | <u>\$ (3,050,099)</u> | <u>\$ (4,153,661)</u> |

Changes in the Net Pension Liability

| | <u>Increase (Decrease)</u> | | |
|---|--|--|--|
| | <u>Total Pension Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Net Pension Liability (a)-(b)</u> |
| Balances at 6/30/2016 | <u>\$ 14,700,639</u> | <u>\$ 18,202,235</u> | <u>\$ (3,501,596)</u> |
| Changes for the year: | | | |
| Service Cost | 39,458 | - | 39,458 |
| Expected interest growth | 1,084,026 | 1,346,395 | (262,369) |
| Unexpected investment income | - | (589,998) | 589,998 |
| Benefit payments, including refunds of member contributions | (1,300,770) | (1,300,770) | - |
| Demographic experience | 64,395 | - | 64,395 |
| Assumption changes | - | - | - |
| Administrative Expenses | - | (20,015) | 20,015 |
| Net change in total pension liability | <u>(112,891)</u> | <u>(564,388)</u> | <u>451,497</u> |
| Balances at 6/30/2017 | <u>\$ 14,587,748</u> | <u>\$ 17,637,847</u> | <u>\$ (3,050,099)</u> |

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18. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Post-Employment Benefits Plan (Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District and their eligible dependents, may continue to participate in the District's health plan for medical, prescription drug, mental health/substance abuse, employee assistance program and life insurance. The District subsidizes the premium rates paid by retirees by allowing them to participate in the 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 Plan on average than those of active employees. Additionally, for certain retirees, the District pays a portion of the cost of health and pharmacy insurance benefits. For those retirees, the School Board contributes the same amount toward the retiree's health insurance premium each year as it does toward an active employee's premium. This contribution is contingent upon the retiree meeting all of the following conditions: 1) 30 years of service under Florida Retirement System or 25 years of service under FRS and at least age 50 at retirement; 2) 20 years of service in the District; 3) contributes his/her health insurance subsidy received from the State of Florida toward the cost of this medical premium; and 4) continues to participate in one of the Board-approved health plans after his/her retirement. An eligible retiree may receive a cash payment in lieu of receiving these benefits. The Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or another entity.

In addition, the District contributed \$20 per month toward health insurance premiums for eligible former employees. This contribution will continue as long as the eligible retiree maintains health benefits through the District. New retirees are not eligible for this program.

Funding Policy

The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the plan is financed on a pay-as-you-go basis. For the 2016-2017 fiscal year, 1,917 retirees or their eligible dependents received post-employment benefits. The District provided required contributions of \$3,388,425 toward the annual OPEB cost, comprised of medical and life insurance premiums, pharmacy claims expense and administrative expenses net of retiree contributions totaling \$4,355,896 or 1.20 percent of covered payroll.

Annual OPEB cost and Net OPEB Obligation

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

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation for Post-Employment Benefits:

| <u>Description</u> | <u>Amount</u> |
|--|-----------------------------|
| Normal Cost (Service cost for one year) | \$ 5,169,955 |
| Amortization of Unfunded Actuarial Accrued Liability | <u>9,174,445</u> |
| Annual Required Contribution | 14,344,400 |
| Interest on Net OPEB Obligation | 2,486,339 |
| Adjustment to Annual Required Contribution | <u>(4,920,898)</u> |
| Annual OPEB Cost (Expense) | 11,909,841 |
| Contribution Toward the OPEB Cost | <u>(3,388,425)</u> |
| | |
| Increase in Net OPEB Obligation | 8,521,416 |
| Net OPEB Obligation, Beginning of Year | <u>62,158,479</u> |
| | |
| Net OPEB Obligation, End of Year | <u><u>\$ 70,679,895</u></u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2017, and the two preceding fiscal years were as follows:

| <u>Fiscal Year</u> | <u>Annual OPEB Cost</u> | <u>Amount Contributed</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------|-----------------------------|-------------------------------|---|--------------------------------|
| 2014-15 | 11,370,008 | 3,534,573 | 31.09% | 55,699,081 |
| 2015-16 | 11,887,331 | 5,427,933 | 45.66% | 62,158,479 |
| 2016-17 | 11,909,841 | 3,388,425 | 28.45% | 70,679,895 |

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$117,958,279, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$117,958,279 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$349,610,219, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 33.74 percent. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or

DISTRICT SCHOOL BOARD OF PASCO COUNTY
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decreasing over time relative to the actuarial accrued liability for benefits. Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan provisions, as understood by the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's OPEB actuarial valuation as of January 1, 2016, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2017. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.0 percent discount rate. The actuarial assumptions also included an annual healthcare cost trend of 6.5 percent for the calendar year 2017, reduced each year, to an ultimate rate of 4.5 percent in 2040. The actuarial assumptions also included an inflation rate of 2.75 percent and 3.5 percent for payroll growth.

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis over a 13 year period. The remaining amortization period is 13 years.

19. MEMBERSHIP IN NONPROFIT CORPORATION

The District participated in a nonprofit electric cooperative, the Withlacoochee River Electric Cooperative, Inc., established under the provisions of Chapter 425, Florida Statutes. In accordance with this Statute, revenues in excess of operating expenses, unless determined by a vote of the membership, are distributed by the Cooperative on a pro rata basis to its members. The policy of the Cooperative is to credit the excess revenues to members' accounts. Capital credits are distributed only after the Cooperative attains a certain margin of profit required by the Rural Electrification Administration. At June 30, 2017, the accumulated credits to the District's account are \$5,104,119. During the 2015-2016 fiscal year, the District earned capital credits of \$447,944 and received a cash payment of \$185,311, for a net increase of \$262,633.

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20. CONSTRUCTION CONTRACT AND OTHER COMMITMENTS

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

| <u>Project</u> | <u>Contract Amount</u> | <u>Completed to Date</u> | <u>Balance Committed</u> |
|-----------------------------------|------------------------------|------------------------------|------------------------------|
| Anclote Elementary | | | |
| Campus Redevelopment | \$ 7,435,209 | \$ 6,745,027 | \$ 690,182 |
| Bexley Elementary | | | |
| New School Construction | 16,948,561 | 15,073,864 | 1,874,697 |
| Cypress Creek Middle/High | | | |
| New School Construction | 45,167,361 | 39,165,137 | 6,002,224 |
| Land O' Lakes High | | | |
| Campus Redevelopment | 25,928,460 | 1,476,270 | 24,452,190 |
| Woodland Elementary | | | |
| Campus Redevelopment | 10,200,431 | 976,654 | 9,223,777 |
| Marchman Technical College | | | |
| Campus Redevelopment | 11,632,056 | 10,993,930 | 638,126 |
| Total | <u><u>\$ 117,312,078</u></u> | <u><u>\$ 74,430,882</u></u> | <u><u>\$ 42,881,196</u></u> |

21. ENCUMBRANCES

Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or 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 District uses encumbrance accounting for recording purchase order commitments. At June 30, the District has recorded \$56,357,125 in encumbrances within the District's governmental funds as follows: \$7,677,026 for the General Fund; \$43,479,334 for the Capital Projects-Other Fund; \$5,200,765 for the Nonmajor Governmental Funds.

22. 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. Workers' compensation, automobile liability, general liability, as well as, medical, behavioral health and prescription plan coverage are being provided on a self-insured basis up to specified limits. 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, and aggregate excess coverage when total claims minus specific excess coverage exceeds the loss fund established annually by the District. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

DISTRICT SCHOOL BOARD OF PASCO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

A liability in the amount of \$6,752,000 was actuarially determined to cover estimated incurred, but not reported, workers' compensation, automobile liability and general liability insurance claims payable at June 30, 2017.

The following schedule represents the changes in claims liability for the current and prior fiscal year for the District's self-insurance program:

| | Beginning of Fiscal Year Liability | Current-Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year-End |
|-----------|--|--|--------------------|----------------------------------|
| 2015-2016 | \$ 6,874,000 | \$ 59,105,124 | \$ 58,297,124 | \$ 7,682,000 |
| 2016-2017 | 7,682,000 | 57,837,427 | 58,767,427 | 6,752,000 |

Life insurance coverage is being provided through purchased commercial insurance with a minimum deductible.

23. LITIGATION

The Board is involved in several pending and threatened legal actions, the range of potential loss from which, as estimated by the Board's attorney, should not materially affect the financial condition of the District. However, one case has completed the initial trial and a verdict of \$1,670,364 has been rendered in favor of the plaintiff. The District intends to defend itself vigorously through the appeals and Claims Bill process with the State Legislature and has not recorded an obligation in relation to this case. Final determination of liability, if any, is unlikely for a number of years.

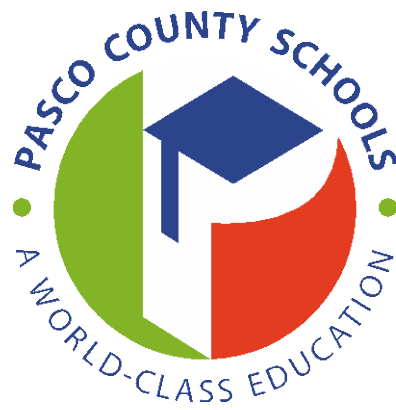
24. SUBSEQUENT EVENTS

On June 20, 2017, the School Board approved a resolution adding Schedules 12 and 13 to the Master Lease Agreement with Apple Finance Services. The District financed the purchase of Apple and HP laptops totaling \$6,258,891 and iPads totaling \$635,796. The Apple and HP laptops will be paid with four (4) annual payments of \$1,620,820 and the iPads with three (3) annual payments of \$216,978. These annual payments include interest. The lease commenced with the first payment occurring on August 3, 2017.

On August 1, 2017, the School Board approved a resolution adding Schedule 14 to the Master Lease Agreement with Apple Finance Services. The District financed the purchase of the JAMF Casper enterprise resource software totaling \$914,117. The software will be paid with five (5) annual payments of \$192,510. These annual payments include interest. The lease commenced with the first payment occurring on August 3, 2017.

On December 5, 2017, the School Board approved a resolution adding Schedule three (3) to the Master Lease Agreement with Banc of America Capital Corporation. The District financed the purchase of 30 CNG buses, 5 diesel buses, and 35 radios totaling \$4,500,000 including legal costs. The buses and radios will be paid with 14 bi-annual payments of \$344,446 including interest. The first payment is due on February 1, 2018.

OTHER REQUIRED SUPPLEMENTARY INFORMATION



**DISTRICT SCHOOL BOARD OF PASCO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE DISTRICT SCHOOL BOARD'S
NET PENSION LIABILITY AND RELATED RATIOS – EARLY RETIREMENT PLAN**

| | 2016-2017 fiscal year * | 2015-2016 fiscal year * | 2014-2015 fiscal year * | 2013-2014 fiscal year * |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 39,458 | \$ 39,458 | \$ 610,538 | \$ 610,538 |
| Interest | 1,084,026 | 1,058,153 | 1,468,046 | 1,413,259 |
| Demographic Experience | 64,395 | 1,584,308 | - | - |
| Benefit payments, including refunds of member contributions | (1,300,770) | (1,189,185) | (1,058,026) | (998,103) |
| Changes in benefit terms | - | - | (8,758,650) | - |
| Assumption changes | - | (1,115,213) | (4,541,925) | - |
| Net change in total pension liability | (112,891) | 377,521 | (12,280,017) | 1,025,694 |
| Total Pension Liability - Beginning | 14,700,639 | 14,323,118 | 26,603,135 | 25,577,441 |
| Total Pension Liability - Ending | \$ 14,587,748 | \$ 14,700,639 | \$ 14,323,118 | \$ 26,603,135 |
| Plan Fiduciary Net Position | | | | |
| Contributions- employer | \$ - | \$ - | \$ 1,662,560 | \$ 1,591,288 |
| Net investment income | 756,397 | 1,000,647 | 428,679 | 929,052 |
| Benefit payments, including refunds of member contributions | (1,300,770) | (1,189,185) | (1,074,335) | (960,021) |
| Administrative Expenses | (20,015) | (27,263) | (12,549) | - |
| Net Change in Plan Fiduciary Net Position | (564,388) | (215,801) | 1,004,355 | 1,560,319 |
| Plan Fiduciary Net Position - Beginning | 18,202,235 | 18,418,036 | 17,413,681 | 15,853,362 |
| Plan Fiduciary Net Position - Ending | \$ 17,637,847 | \$ 18,202,235 | \$ 18,418,036 | \$ 17,413,681 |
| Net Pension Liability - Ending | \$ (3,050,099) | \$ (3,501,596) | \$ (4,094,918) | \$ 9,189,454 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 120.91% | 123.82% | 128.59% | 65.46% |
| Covered-employee Payroll | \$ 24,925,025 | \$ 24,925,025 | \$ 167,496,619 | \$ 167,496,619 |
| District's Net Pension Liability as a Percentage of Covered-employee Payroll | N/A | N/A | N/A | 5.49% |

* Rolled forward based on financial data as of June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014 measurement dates.

Note: The District implemented GASB Statement No. 67 for the fiscal year ended June 30, 2014.
Information for prior years is not available.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CONTRIBUTIONS – EARLY RETIREMENT PLAN

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|----------------|----------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Actuarially determined contribution | \$ - | \$ - | \$ 1,662,560 | \$ 1,591,288 | \$ 1,578,667 | \$ 1,509,443 | \$ 1,380,553 | \$ 1,314,812 | \$ 1,437,237 | \$ 1,368,154 |
| Contributions in relation to the actuarially determined contribution | - | - | 1,662,560 | 1,591,288 | 1,578,667 | 1,509,443 | 1,380,553 | 1,314,812 | 1,437,237 | 1,368,154 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | \$ 24,925,025 | \$ 24,925,025 | \$ 167,496,619 | \$ 167,496,619 | \$ 167,496,619 | | \$ 173,775,663 | | \$ 171,655,074 | |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.99% | 0.95% | 0.94% | | 0.79% | | 0.84% | |

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Discount rate 7.67% per annum (2.50% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments.

Salary increases 3% per annum

Retirement age Eligible employees are assumed to retire at the rate of 2% at each of ages 50 through 52, 3% at each of ages 53 and 54, and 10% at each of ages 55 through 61.

Mortality Sex-distinct rates set forth in the RP-2000 Combined Mortality Table with generational projections using Scale AA.

Other decrements Assumed employment termination is based on age, ranging from 12% at age 30 to 7% at age 60; assumed disability is based on age and gender, ranging from 0.0600% for males at age 20 or 0.0240% for females at age 20 to 1.3620% for males at age 60 or 0.7504% for females at age 60.

Non-investment expenses None assumed.

Future contributions Contributions from the employer are assumed to be made as legally required.

Changes No assumptions were changed since the prior measurement date.

SCHEDULE OF INVESTMENT RETURNS – EARLY RETIREMENT PLAN

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|--------|-------|-------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Annual money - weighted rate of return, net of investment expense | 7.45% | 5.43% | 2.46% | 5.75% | 1.82% | 4.33% | 5.66% | 10.50% | 1.90% | 6.16% |

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS

| Actuarial Valuation Date | Actuarial Values of Plan Assets | Actuarial Accrued Liability (1) | Unfunded Actuarial Accrued Liability (2) | Funded Ratio (3) | Covered Payroll | Unfunded Actuarial Accrued Liability as Percent of Covered Payroll |
|-----------------------------|---------------------------------------|------------------------------------|--|---------------------|-----------------|--|
| January 1, 2012 | \$ - | \$ 109,496,146 | \$ 109,496,146 | 0.0% | \$ 318,668,211 | 34.36% |
| January 1, 2014 | - | 104,828,064 | 104,828,064 | 0.0% | 318,422,974 | 32.92% |
| January 1, 2016 | - | 117,958,279 | 117,958,279 | 0.0% | 349,610,219 | 33.74% |

Notes:

- (1) The actuarial method used is the Entry Age Normal Cost Method.
- (2) The unfunded actuarial accrued liability is the actuarial accrued liability minus the actuarial value of plan assets.
- (3) The percentage funded is derived by dividing the actuarial value of assets by the actuarial accrued liability.

Notes to Schedule:

The January 1, 2016 unfunded actuarial accrued liability of \$117,958,279 was significantly higher than the January 1, 2014, liability of \$104,828,064 as a result of:

- Population Changes: The number of retirees currently receiving post-employment health benefits through the District core plan decreased from 575 in the previous valuation to 539 this year. This change had a decreasing effect on the valuation results. At the same time, the number of active employees eligible for any future post-employment benefits increased from 8,672 to 9,311. This population change had an increasing effect on the valuation results.
- Initial Cost of Coverage: The total cost of coverage increased from \$575 per subscriber per month (as expected for year beginning January 1, 2014) to \$643 per employee per month for year beginning January 1, 2016. This is lower than the projected \$668 per employee per month. However, premiums charged to retirees did not increase over that period and the combined effect of these changes in increase in costs and liabilities.
- Short Term Medical Trend Assumption: It was assumed previously that premiums and costs would increase at a rate of 7.0% for the 2017 plan year. We are revising trend rates for costs and premiums applicable to the year beginning January 1, 2017, to increase by 6.5%. This had a decreasing effect on the costs and liabilities.
- Long Term Medical Trend Assumption: The trend rate for the costs of benefits and premiums charged to retirees has been revised to be based on the forecasting model built and published (December 2007, as updated November 2015) in Modeling Long-Term Health Care Cost Trends sponsored by the Society of Actuaries and authored by Prof. Thomas E. Getzen. Under this model, assumed trend rates decline over a 22-year period from 6.25% assumed for the year 2018 to the ultimate level of 4.50%. This had a decreasing effect on the costs and liabilities.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM (FRS) DEFINED BENEFIT PENSION PLAN**

| | 2017 | 2016 | 2015 | 2014 |
|---|----------------|----------------|---------------|----------------|
| District's proportion of the net pension liability | 0.8303% | 0.8708% | 0.8829% | 0.8076% |
| District's proportionate share of the net pension liability | \$ 209,652,102 | \$ 112,469,821 | \$ 53,867,811 | \$ 139,021,758 |
| District's covered-employee payroll | 301,546,181 | 291,200,791 | 294,102,035 | 278,165,055 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 69.53% | 38.62% | 18.32% | 49.98% |
| Plan fiduciary net position as a percentage of the total pension liability | 92.00% | 92.00% | 96.09% | 88.54% |
| Plan Sponsor Measurement Date | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 |

Note: The District implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a restatement as of June 30, 2014. Information for prior years is not available.

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM (FRS) DEFINED BENEFIT PENSION PLAN**

| | 2017 | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 21,889,801 | \$ 20,248,257 | \$ 21,229,772 | \$ 19,338,513 |
| Contributions in relation to the contractually required contribution | 21,889,801 | 20,248,257 | 21,229,772 | 19,338,513 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 311,685,147 | \$ 301,546,181 | \$ 291,200,791 | \$ 294,102,035 |
| Contributions as a percentage of covered-employee payroll | 7.02% | 6.71% | 7.29% | 6.58% |

* The amounts presented for each fiscal year were determined as of June 30.

Note: The District implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a restatement as of June 30, 2014. Information for prior years is not available.

**DISTRICT SCHOOL BOARD OF PASCO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY (HIS) DEFINED BENEFIT PENSION PLAN**

| | 2017 | 2016 | 2015 | 2014 |
|---|----------------|----------------|----------------|---------------|
| District's proportion of the net pension liability | 1.1556% | 1.1336% | 1.1613% | 1.0739% |
| District's proportionate share of the net pension liability | \$ 134,683,455 | \$ 115,611,582 | \$ 108,582,475 | \$ 93,494,824 |
| District's covered-employee payroll | 357,548,640 | 343,998,370 | 346,174,340 | 324,046,048 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 37.67% | 33.61% | 31.37% | 28.85% |
| Plan fiduciary net position as a percentage of the total pension liability | 0.50% | 0.50% | 0.99% | 1.78% |
| Plan Sponsor Measurement Date | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 |

Note: The District implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a restatement as of June 30, 2014. Information for prior years is not available.

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY (HIS) DEFINED BENEFIT PENSION PLAN**

| | 2017 | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 6,156,250 | \$ 5,923,321 | \$ 4,333,408 | \$ 3,978,153 |
| Contributions in relation to the contractually required contribution | 6,156,250 | 5,923,321 | 4,333,408 | 3,978,153 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 371,320,922 | \$ 357,548,640 | \$ 343,998,370 | \$ 346,174,340 |
| Contributions as a percentage of covered-employee payroll | 1.66% | 1.66% | 1.26% | 1.15% |

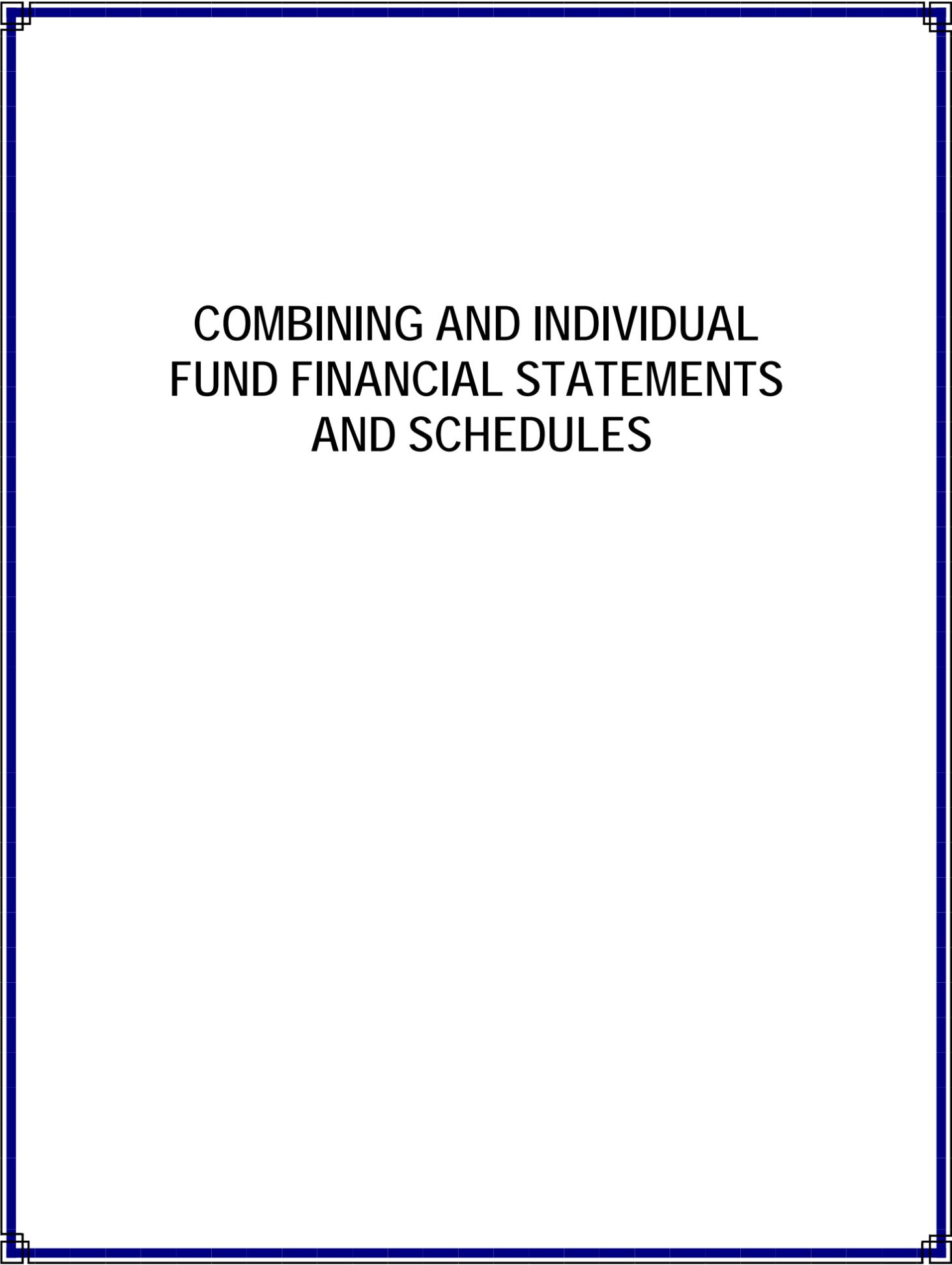
* The amounts presented for each fiscal year were determined as of June 30.

Note: The District implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a restatement as of June 30, 2014. Information for prior years is not available.

Notes to Schedule:

Changes of Assumptions: The municipal rate used to determine total pension liability was decreased from 3.80 percent to 2.85 percent.

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**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

Combining Schedules of Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Nonmajor Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to pay for specified activities.

Food and Nutrition Services Fund – To account for food and nutrition services activities, including the serving of breakfast and lunch at the schools.

Nonmajor Debt Service Funds

Nonmajor Debt Service Funds are used to account for resources accumulated, primarily from tax proceeds and earnings on temporary investments, for the payment of principal and interest of long-term liabilities.

State Board of Education Bonds Fund – To account for payment of principal and interest on various bond issues serviced by the State of Florida on the District's behalf.

District Revenue Bonds Fund – To account for payment of principal and interest on Motor Vehicle License Tax Revenue Bonds, which are secured by racetrack funds and jai alai fronton funds received annually by Pasco County pursuant to Chapter 79-548, Special Acts of 1979, Laws of Florida.

Debt Service Other Fund – To account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of the governmental funds.

Nonmajor Capital Projects Funds

Nonmajor Capital Projects Funds are used to account for resources to be used for the acquisition and construction of major capital assets; such as: land, new school buildings, additions to existing buildings, major renovation projects, school buses, and equipment and furniture.

State Board of Education Bonds Fund – To account for proceeds of bonds, issued on the District's behalf, by the State Board of Education, to be used for the construction and maintenance of schools.

Public Education Capital Outlay Fund – To account for Gross Receipts Tax to be used for construction, remodeling, renovation, and site improvement of educational facilities.

Capital Outlay and Debt Service Fund – To account for the excess dollars from the debt service funds used for construction and maintenance of schools.

Local Optional Millage Levy Fund – To account for funds received from the assessment of property taxes for construction and maintenance of schools.

District School Board of Pasco County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Schedule A

| | Special Revenue | | Debt Service | | | |
|--|---|---|--|--------------------------------------|----------------------------------|--|
| | Food and Nutrition Services Fund | Total Nonmajor Special Revenue Funds | State Board of Education Bonds Fund | District Revenue Bonds Fund | Debt Service Other Fund | Total Nonmajor Debt Service Funds |
| Assets: | | | | | | |
| Cash | \$ 7,128,294 | \$ 7,128,294 | \$ - | \$ 41,044 | \$ 3,727,878 | \$ 3,768,922 |
| Cash with Fiscal Agent | - | - | 3,830,657 | - | 1,720,147 | 5,550,804 |
| Investments | - | - | 186,123 | - | 9,492,778 | 9,678,901 |
| Accounts Receivable | 20,821 | 20,821 | - | - | - | - |
| Accrued Interest Receivable | - | - | - | - | 732 | 732 |
| Due from Other Agencies | 412,404 | 412,404 | - | - | - | - |
| Inventories | 1,050,871 | 1,050,871 | - | - | - | - |
| Total Assets | \$ 8,612,390 | \$ 8,612,390 | \$ 4,016,780 | \$ 41,044 | \$ 14,941,535 | \$ 18,999,359 |
| Liabilities and Fund Balances: | | | | | | |
| Liabilities: | | | | | | |
| Salaries and Benefits Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts Payable | 131,403 | 131,403 | - | - | 55,314 | 55,314 |
| Construction Contracts Payable | - | - | - | - | - | - |
| Construction Contracts Payable - Retainage | - | - | - | - | - | - |
| Accrued Interest Payable | - | - | 58,863 | - | - | 58,863 |
| Due to Other Funds | - | - | - | - | - | - |
| Due to Other Agencies | - | - | - | - | - | - |
| Advanced Revenue | 937,121 | 937,121 | - | - | - | - |
| Total Liabilities | 1,068,524 | 1,068,524 | 58,863 | - | 55,314 | 114,177 |
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | 1,050,871 | 1,050,871 | - | - | - | - |
| Restricted: | | | | | | |
| Special Revenue-Food Service | 6,492,995 | 6,492,995 | - | - | - | - |
| Debt Service | - | - | 3,957,917 | 41,044 | 14,886,221 | 18,885,182 |
| Capital Projects | - | - | - | - | - | - |
| Total Fund Balance | 7,543,866 | 7,543,866 | 3,957,917 | 41,044 | 14,886,221 | 18,885,182 |
| Total Liabilities and Fund Balances | \$ 8,612,390 | \$ 8,612,390 | \$ 4,016,780 | \$ 41,044 | \$ 14,941,535 | \$ 18,999,359 |

| Capital Projects | | | | | |
|--|---|---|---|--|--|
| State Board of Education Bonds Fund | Public Education Capital Outlay Fund | Capital Outlay and Debt Service Fund | Local Optional Millage Levy Fund | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ 1,483,373 | \$ 4,131,116 | \$ 5,614,489 | \$ 16,511,705 |
| - | - | - | - | - | 5,550,804 |
| - | - | 5,404,452 | 12,951,789 | 18,356,241 | 28,035,142 |
| - | - | - | - | - | 20,821 |
| - | - | 3,461 | 8,302 | 11,763 | 12,495 |
| - | 2,975,566 | 26,167 | - | 3,001,733 | 3,414,137 |
| - | - | - | - | - | 1,050,871 |
| <u>\$ -</u> | <u>\$ 2,975,566</u> | <u>\$ 6,917,453</u> | <u>\$ 17,091,207</u> | <u>\$ 26,984,226</u> | <u>\$ 54,595,975</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 50,817 | 3,987 | 468,950 | 523,754 | 710,471 |
| - | - | - | 13,497 | 13,497 | 13,497 |
| - | - | - | 21,376 | 21,376 | 21,376 |
| - | - | - | - | - | 58,863 |
| - | 1,321,075 | - | - | 1,321,075 | 1,321,075 |
| - | - | - | - | - | - |
| - | - | - | - | - | 937,121 |
| <u>-</u> | <u>1,371,892</u> | <u>3,987</u> | <u>503,823</u> | <u>1,879,702</u> | <u>3,062,403</u> |
| | | | | | |
| - | - | - | - | - | 1,050,871 |
| - | - | - | - | - | 6,492,995 |
| - | - | - | - | - | 18,885,182 |
| - | 1,603,674 | 6,913,466 | 16,587,384 | 25,104,524 | 25,104,524 |
| <u>-</u> | <u>1,603,674</u> | <u>6,913,466</u> | <u>16,587,384</u> | <u>25,104,524</u> | <u>51,533,572</u> |
| <u>\$ -</u> | <u>\$ 2,975,566</u> | <u>\$ 6,917,453</u> | <u>\$ 17,091,207</u> | <u>\$ 26,984,226</u> | <u>\$ 54,595,975</u> |

District School Board of Pasco County
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

106

| | Special Revenue | | Debt Service | | | |
|---|----------------------------------|--------------------------------------|-------------------------------------|-----------------------------|-------------------------|-----------------------------------|
| | Food and Nutrition Services Fund | Total Nonmajor Special Revenue Funds | State Board of Education Bonds Fund | District Revenue Bonds Fund | Debt Service Other Fund | Total Nonmajor Debt Service Funds |
| Revenues: | | | | | | |
| Federal Sources: | | | | | | |
| Federal Direct | \$ - | \$ - | \$ - | \$ - | \$ 559,363 | \$ 559,363 |
| Federal Through State | | - | - | - | - | - |
| Food Services | 27,798,916 | 27,798,916 | - | - | - | - |
| State Sources: | | | | | | |
| Public Education Capital Outlay | - | - | - | - | - | - |
| Food Services | 377,682 | 377,682 | - | - | - | - |
| SBE/COBI Bond Interest | - | - | 470 | - | - | 470 |
| CO & DS Withheld for State Education Bonds | - | - | 1,723,869 | - | - | 1,723,869 |
| CO & DS Interest | - | - | - | - | - | - |
| CO & DS Distributed | - | - | - | - | - | - |
| Racing Commission Funds | - | - | - | 223,250 | - | 223,250 |
| Local Sources: | | | | | | |
| Property Taxes | - | - | - | - | - | - |
| Food Services | 10,477,201 | 10,477,201 | - | - | - | - |
| Investment Earnings | - | - | - | - | (77,174) | (77,174) |
| Local Grants and Other | 942,371 | 942,371 | - | - | 59 | 59 |
| Total Revenues | 39,596,170 | 39,596,170 | 1,724,339 | 223,250 | 482,248 | 2,429,837 |
| Expenditures: | | | | | | |
| Current-Education: | | | | | | |
| Instruction | - | - | - | - | - | - |
| Student Support Services | - | - | - | - | - | - |
| Instructional Media Services | - | - | - | - | - | - |
| Instruction and Curriculum Development Services | - | - | - | - | - | - |
| Instructional Staff Training Services | - | - | - | - | - | - |
| Instruction-Related Technology Board | - | - | - | - | - | - |

Schedule B

| | Special Revenue | | Debt Service | | | |
|---|----------------------------------|--------------------------------------|-------------------------------------|-----------------------------|-------------------------|-----------------------------------|
| | Food and Nutrition Services Fund | Total Nonmajor Special Revenue Funds | State Board of Education Bonds Fund | District Revenue Bonds Fund | Debt Service Other Fund | Total Nonmajor Debt Service Funds |
| Expenditures (continued): | | | | | | |
| General Administration | - | - | - | - | - | - |
| School Administration | - | - | - | - | - | - |
| Facilities Services | - | - | - | - | - | - |
| Fiscal Services | - | - | - | - | - | - |
| Food Services | 39,577,154 | 39,577,154 | - | - | - | - |
| Central Services | - | - | - | - | - | - |
| Student Transportation Services | - | - | - | - | - | - |
| Operation of Plant | - | - | - | - | - | - |
| Maintenance of Plant | - | - | - | - | - | - |
| Administrative Technology Services | - | - | - | - | - | - |
| Capital Outlay: | | | | | | |
| Facilities Acquisition and Construction | - | - | - | - | - | - |
| Other Capital Outlay | 226,276 | 226,276 | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | 1,321,000 | 105,000 | 28,026,032 | 29,452,032 |
| Interest | - | - | 435,500 | 116,231 | 17,451,042 | 18,002,773 |
| Fiscal Charges | - | - | 18,386 | 345 | 296,183 | 314,914 |
| Total Expenditures | <u>39,803,430</u> | <u>39,803,430</u> | <u>1,774,886</u> | <u>221,576</u> | <u>45,773,257</u> | <u>47,769,719</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(207,260)</u> | <u>(207,260)</u> | <u>(50,547)</u> | <u>1,674</u> | <u>(45,291,009)</u> | <u>(45,339,882)</u> |
| Other Financing Sources (Uses): | | | | | | |
| Face Value of Refunding Bonds | - | - | 3,288,000 | - | - | 3,288,000 |
| Premium on Refunding Bonds | - | - | 501,636 | - | - | 501,636 |
| Capital Leases | - | - | - | - | 19,651 | 19,651 |
| Transfers In | - | - | - | - | 47,162,916 | 47,162,916 |
| Transfers Out | <u>(1,309,287)</u> | <u>(1,309,287)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(1,309,287)</u> | <u>(1,309,287)</u> | <u>3,789,636</u> | <u>-</u> | <u>47,182,567</u> | <u>50,972,203</u> |
| Net Change in Fund Balances | (1,516,547) | (1,516,547) | 3,739,089 | 1,674 | 1,891,558 | 5,632,321 |
| Fund Balances, July 1, 2016 | <u>9,060,413</u> | <u>9,060,413</u> | <u>218,828</u> | <u>39,370</u> | <u>12,994,663</u> | <u>13,252,861</u> |
| Fund Balances, June 30, 2017 | <u>\$ 7,543,866</u> | <u>\$ 7,543,866</u> | <u>\$ 3,957,917</u> | <u>\$ 41,044</u> | <u>\$14,886,221</u> | <u>\$ 18,885,182</u> |

(Continued)

District School Board of Pasco County
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

| | Capital Projects | | | | | |
|---|--|---|---|---|--|--|
| | State Board of Education Bonds Fund | Public Education Capital Outlay Fund | Capital Outlay and Debt Service Fund | Local Optional Millage Levy Fund | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
| Revenues: | | | | | | |
| Federal Sources: | | | | | | |
| Federal Direct | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 559,363 |
| Federal Through State | - | - | - | - | - | - |
| Food Services | - | - | - | - | - | 27,798,916 |
| State Sources: | | | | | | |
| Public Education Capital Outlay | - | 3,384,042 | - | - | 3,384,042 | 3,384,042 |
| Food Services | - | - | - | - | - | 377,682 |
| SBE/COBI Bond Interest | - | - | - | - | - | 470 |
| CO & DS Withheld for State Education Bonds | - | - | - | - | - | 1,723,869 |
| CO & DS Interest | - | - | 47,343 | - | 47,343 | 47,343 |
| CO & DS Distributed | - | - | 1,130,902 | - | 1,130,902 | 1,130,902 |
| Racing Commission Funds | - | - | - | - | - | 223,250 |
| Local Sources: | | | | | | |
| Property Taxes | - | - | - | 36,291,600 | 36,291,600 | 36,291,600 |
| Food Services | - | - | - | - | - | 10,477,201 |
| Investment Earnings | - | - | 36,063 | 93,549 | 129,612 | 52,438 |
| Local Grants and Other | - | - | - | 641,758 | 641,758 | 1,584,188 |
| Total Revenues | - | 3,384,042 | 1,214,308 | 37,026,907 | 41,625,257 | 83,651,264 |
| Expenditures: | | | | | | |
| Current-Education: | | | | | | |
| Instruction | - | - | - | - | - | - |
| Student Support Services | - | - | - | - | - | - |
| Instructional Media Services | - | - | - | - | - | - |
| Instruction and Curriculum Development Services | - | - | - | - | - | - |
| Instructional Staff Training Services | - | - | - | - | - | - |
| Instruction-Related Technology | - | - | - | - | - | - |
| Board | - | - | - | - | - | - |

| | Capital Projects | | | | | |
|--|--|---|---|---|--|--|
| | State Board of Education Bonds Fund | Public Education Capital Outlay Fund | Capital Outlay and Debt Service Fund | Local Optional Millage Levy Fund | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
| Expenditures (continued): | | | | | | |
| General Administration | - | - | - | - | - | - |
| School Administration | - | - | - | - | - | - |
| Facilities Services | - | - | 170 | 1,467,797 | 1,467,967 | 1,467,967 |
| Fiscal Services | - | - | - | - | - | - |
| Food Services | - | - | - | - | - | 39,577,154 |
| Central Services | - | - | - | - | - | - |
| Student Transportation Services | - | - | - | - | - | - |
| Operation of Plant | - | - | - | - | - | - |
| Maintenance of Plant | - | - | - | - | - | - |
| Administrative Technology Services | - | - | - | - | - | - |
| Capital Outlay: | | | | | | |
| Facilities Acquisition and Construction | - | 1,341,941 | 860,929 | 8,195,364 | 10,398,234 | 10,398,234 |
| Other Capital Outlay | - | - | - | - | - | 226,276 |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | 29,452,032 |
| Interest | - | - | - | - | - | 18,002,773 |
| Fiscal Charges | - | - | 2,206 | - | 2,206 | 317,120 |
| Total Expenditures | - | 1,341,941 | 863,305 | 9,663,161 | 11,868,407 | 99,441,556 |
| Excess (Deficiency) of Revenues Over Expenditures | - | 2,042,101 | 351,003 | 27,363,746 | 29,756,850 | (15,790,292) |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds of Bonds Issued | - | - | - | - | - | 3,288,000 |
| Capital Leases | - | - | - | - | - | 501,636 |
| Payments to Refunding Escrow Agent | - | - | - | - | - | 19,651 |
| Transfers In | - | - | - | 1,249,263 | 1,249,263 | 48,412,179 |
| Transfers Out | - | (1,075,895) | - | (30,694,960) | (31,770,855) | (33,080,142) |
| Total Other Financing Sources (Uses) | - | (1,075,895) | - | (29,445,697) | (30,521,592) | 19,141,324 |
| Net Change in Fund Balances | - | 966,206 | 351,003 | (2,081,951) | (764,742) | 3,351,032 |
| Fund Balances, July 1, 2016 | - | 637,468 | 6,562,463 | 18,669,335 | 25,869,266 | 48,182,540 |
| Fund Balances, June 30, 2017 | \$ - | \$ 1,603,674 | \$ 6,913,466 | \$ 16,587,384 | \$ 25,104,524 | \$ 51,533,572 |

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Schedules
of
Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Governmental Funds

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue - Food and Nutrition Services Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Federal Sources: | | | | |
| Food Service | \$ 26,954,775 | \$ 27,711,569 | \$ 27,798,916 | \$ 87,347 |
| State Sources: | | | | |
| Food Service | 415,000 | 415,000 | 377,682 | (37,318) |
| Local Sources: | | | | |
| Food Service Sales | 10,855,274 | 10,855,274 | 10,477,201 | (378,073) |
| Local Grants and Other | 500,000 | 500,000 | 942,371 | 442,371 |
| Total Revenues | <u>38,725,049</u> | <u>39,481,843</u> | <u>39,596,170</u> | <u>114,327</u> |
| Expenditures: | | | | |
| Current-Education: | | | | |
| Food Services | | | | |
| Salaries | 12,727,176 | 12,707,176 | 12,731,975 | (24,799) |
| Employee Benefits | 4,913,820 | 4,913,820 | 5,448,291 | (534,471) |
| Purchased Services | 973,030 | 1,148,518 | 1,065,260 | 83,258 |
| Energy Services | 500,000 | 1,226,651 | 946,919 | 279,732 |
| Materials and Supplies | 18,792,753 | 19,789,248 | 17,757,386 | 2,031,862 |
| Capital Outlay | 200,000 | 400,000 | 173,126 | 226,874 |
| Other Expenditures | 952,000 | 982,000 | 1,454,197 | (472,197) |
| Capital Outlay: | | | | |
| Other Capital Outlay | - | 278,648 | 226,276 | 52,372 |
| Total Expenditures | <u>39,058,779</u> | <u>41,446,061</u> | <u>39,803,430</u> | <u>1,642,631</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(333,730)</u> | <u>(1,964,218)</u> | <u>(207,260)</u> | <u>1,756,958</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (1,020,524) | (1,569,055) | (1,309,287) | 259,768 |
| Net Change in Fund Balance | (1,354,254) | (3,533,273) | (1,516,547) | 2,016,726 |
| Fund Balance, Beginning | 9,060,413 | 9,060,413 | 9,060,413 | - |
| Fund Balance, Ending | <u>\$ 7,706,159</u> | <u>\$ 5,527,140</u> | <u>\$ 7,543,866</u> | <u>\$ 2,016,726</u> |

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - State Board of Education Bonds Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|------------------|------------|----------------|---|
| | Original | Final | Actual Amounts | |
| Revenues: | | | | |
| State Sources | | | | |
| SBE/COBI Bond Interest | \$ - | \$ - | \$ 470 | \$ 470 |
| CO & DS Withheld for State Education Bonds | 2,252,430 | 2,252,430 | 1,723,869 | (528,561) |
| Total Revenues | 2,252,430 | 2,252,430 | 1,724,339 | (528,091) |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal | 1,708,000 | 1,708,000 | 1,321,000 | 387,000 |
| Interest | 543,430 | 543,430 | 435,500 | 107,930 |
| Fiscal Charges | 1,000 | 1,000 | 18,386 | (17,386) |
| Total Expenditures | 2,252,430 | 2,252,430 | 1,774,886 | 477,544 |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | (50,547) | (50,547) |
| Other Financing Sources (Uses): | | | | |
| Face Value of Refunding Bonds | - | - | 3,288,000 | 3,288,000 |
| Premium on Refunding Bonds | - | - | 501,636 | 501,636 |
| Payments to Refunding Escrow Agent | - | - | - | - |
| Total Other Financing Sources | - | - | 3,789,636 | 3,789,636 |
| Net Change in Fund Balance | - | - | 3,739,089 | 3,739,089 |
| Fund Balances, Beginning | 218,828 | 218,828 | 218,828 | - |
| Fund Balances, Ending | \$ 218,828 | \$ 218,828 | \$ 3,957,917 | \$ 3,739,089 |

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - District Revenue Bonds Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|------------|----------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| State Sources: | | | | |
| Racing Commission Funds | \$ 223,250 | \$ 223,250 | \$ 223,250 | \$ - |
| Local Sources: | | | | |
| Investment Earnings | 199 | 199 | - | (199) |
| Total Revenues | 223,449 | 223,449 | 223,250 | (199) |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal | 105,000 | 105,000 | 105,000 | - |
| Interest | 116,231 | 116,231 | 116,231 | - |
| Fiscal Charges | 1,000 | 1,000 | 345 | 655 |
| Total Expenditures | 222,231 | 222,231 | 221,576 | 655 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,218 | 1,218 | 1,674 | 456 |
| Net Change in Fund Balance | 1,218 | 1,218 | 1,674 | 456 |
| Fund Balance, Beginning | 39,370 | 39,370 | 39,370 | - |
| Fund Balance, Ending | \$ 40,588 | \$ 40,588 | \$ 41,044 | \$ 456 |

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service - Other Funds
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|---------------|----------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Federal Sources: | | | | |
| Federal Direct | \$ 500,000 | \$ 559,363 | \$ 559,363 | \$ - |
| Local Sources: | | | | |
| Investment Earnings | 11,505 | 211,505 | (77,174) | (288,679) |
| Local Grants and Other | - | - | 59 | 59 |
| Total Revenues | 511,505 | 770,868 | 482,248 | (288,620) |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal | 28,643,852 | 28,678,412 | 28,026,032 | 652,380 |
| Interest | 18,634,630 | 18,634,327 | 17,451,042 | 1,183,285 |
| Fiscal Charges | 298,000 | 424,803 | 296,183 | 128,620 |
| Total Expenditures | 47,576,482 | 47,737,542 | 45,773,257 | 1,964,285 |
| Excess (Deficiency) of Revenues Over Expenditures | (47,064,977) | (46,966,674) | (45,291,009) | 1,675,665 |
| Other Financing Sources (Uses): | | | | |
| Proceeds of Bonds Issued | - | - | - | - |
| Capital Leases | - | - | 19,651 | 19,651 |
| Transfers In | 49,253,143 | 49,622,529 | 47,162,916 | (2,459,613) |
| Transfer Out | - | - | - | - |
| Total Other Financing Sources | 49,253,143 | 49,622,529 | 47,182,567 | (2,439,962) |
| Net Change in Fund Balance | 2,188,166 | 2,655,855 | 1,891,558 | (764,297) |
| Fund Balances, Beginning | 12,994,663 | 12,994,663 | 12,994,663 | - |
| Fund Balances, Ending | \$ 15,182,829 | \$ 15,650,518 | \$ 14,886,221 | \$ (764,297) |

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Public Education Capital Outlay Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|--------------|----------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| State Sources: | | | | |
| Public Education Capital Outlay | \$ 3,240,264 | \$ 3,384,042 | \$ 3,384,042 | \$ - |
| Current-Education: | | | | |
| Facilities Services | - | - | - | - |
| Capital Outlay: | | | | |
| Facilities Acquisition and Construction | 2,429,106 | 2,429,106 | 1,341,941 | 1,087,165 |
| Total Expenditures | 2,429,106 | 2,429,106 | 1,341,941 | 1,087,165 |
| Excess (Deficiency) of Revenues Over Expenditures | 811,158 | 954,936 | 2,042,101 | 1,087,165 |
| Other Financing Uses: | | | | |
| Transfer Out | (932,117) | (1,075,895) | (1,075,895) | - |
| Proceeds on Refunding Bonds | (932,117) | (1,075,895) | (1,075,895) | - |
| Net Change in Fund Balance | (120,959) | (120,959) | 966,206 | 1,087,165 |
| Fund Balances, Beginning | 637,468 | 637,468 | 637,468 | - |
| Fund Balances, Ending | \$ 516,509 | \$ 516,509 | \$ 1,603,674 | \$ 1,087,165 |

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Capital Outlay and Debt Service Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual Amounts | |
| Revenues: | | | | |
| State Sources: | | | | |
| CO & DS Distributed | \$ 233,318 | \$ 233,318 | \$ 1,130,902 | \$ 897,584 |
| Interest on Undistributed CO & DS | - | - | 47,343 | 47,343 |
| Local Sources: | | | | |
| Investment Earnings | 3,976 | 3,976 | 36,063 | 32,087 |
| Total Revenues | <u>237,294</u> | <u>237,294</u> | <u>1,214,308</u> | <u>977,014</u> |
| Expenditures: | | | | |
| Current-Education: | | | | |
| Facilities Services | - | 170 | 170 | - |
| Capital Outlay: | | | | |
| Facilities Acquisition and Construction | 2,361,902 | 1,930,934 | 860,929 | 1,070,005 |
| Debt Service: | | | | |
| Dues, Fees and Issuance Costs | - | - | 2,206 | (2,206) |
| Total Expenditures | <u>2,361,902</u> | <u>1,931,104</u> | <u>863,305</u> | <u>1,067,799</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(2,124,608)</u> | <u>(1,693,810)</u> | <u>351,003</u> | <u>(90,785)</u> |
| Net Change in Fund Balance | (2,124,608) | (1,693,810) | 351,003 | (90,785) |
| Fund Balances, Beginning | <u>6,562,463</u> | <u>6,562,463</u> | <u>6,562,463</u> | <u>-</u> |
| Fund Balances, Ending | <u>\$ 4,437,855</u> | <u>\$ 4,868,653</u> | <u>\$ 6,913,466</u> | <u>\$ (90,785)</u> |

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Local Optional Millage Levy Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|---|------------------|---------------|----------------|---|
| | Original | Final | Actual Amounts | |
| Revenues: | | | | |
| Local Sources: | | | | |
| Property Taxes | \$ 36,350,733 | \$ 36,350,733 | \$ 36,291,600 | \$ (59,133) |
| Investment Earnings | 174,238 | 174,238 | 93,549 | (80,689) |
| Other Local | 459,664 | 489,993 | 641,758 | 151,765 |
| Total Revenues | 36,984,635 | 37,014,964 | 37,026,907 | 11,943 |
| Expenditures: | | | | |
| Current-Education: | | | | |
| Facilities Services | 953,686 | 873,683 | 1,467,797 | (594,114) |
| Capital Outlay: | | | | |
| Facilities Acquisition and Construction | 15,084,320 | 16,216,038 | 8,195,364 | 8,020,674 |
| Total Expenditures | 16,038,006 | 17,089,721 | 9,663,161 | 7,426,560 |
| Excess of Revenues Over Expenditures | 20,946,629 | 19,925,243 | 27,363,746 | 7,438,503 |
| Proceeds on Refunding Bonds | | | | |
| Transfers In | 960,500 | 1,480,358 | 1,249,263 | (231,095) |
| Transfers Out | (33,149,769) | (33,180,098) | (30,694,960) | 2,485,138 |
| Total Other Financing Sources (Uses) | (32,189,269) | (31,699,740) | (29,445,697) | 2,254,043 |
| Net Change in Fund Balance | (11,242,640) | (11,774,497) | (2,081,951) | 9,692,546 |
| Fund Balances, Beginning | 18,669,335 | 18,669,335 | 18,669,335 | - |
| Fund Balances, Ending | \$ 7,426,695 | \$ 6,894,838 | \$ 16,587,384 | \$ 9,692,546 |

District School Board of Pasco County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects - Other Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|----------------|----------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Local Sources: | | | | |
| Local Sales Tax | \$ 26,700,000 | \$ 26,700,000 | \$ 26,942,544 | \$ 242,544 |
| Impact Fees | 9,187,500 | 9,187,500 | 15,422,187 | 6,234,687 |
| Other Local | 184,425 | 250,000 | 302,245 | 52,245 |
| Investment Earnings | 332,000 | 383,456 | 854,602 | 471,146 |
| Total Revenues | 36,403,925 | 36,520,956 | 43,521,578 | 7,000,622 |
| Expenditures: | | | | |
| Current-Education: | | | | |
| Facilities Services | 7,014 | 1,463,308 | 3,809,838 | (2,346,530) |
| Fiscal Charges | - | - | 17,144 | (17,144) |
| Capital Outlay: | | | | |
| Facilities Acquisition and Construction | 178,884,538 | 200,037,318 | 109,877,294 | 90,160,024 |
| Total Expenditures | 178,891,552 | 201,500,626 | 113,704,276 | 87,796,350 |
| Excess (Deficiency) of Revenues Over Expenditures | (142,487,627) | (164,979,670) | (70,182,698) | 94,796,972 |
| Other Financing Sources (Uses): | | | | |
| Sale of Land | - | - | 1,720,000 | 1,720,000 |
| Capital Leases | 11,289,896 | 11,289,896 | 10,390,507 | (899,389) |
| Transfer Out | (15,179,127) | (15,179,127) | (15,164,126) | (15,001) |
| Total Other Financing Sources (Uses) | (3,889,231) | (3,889,231) | (3,053,619) | 805,610 |
| Net Change in Fund Balance | (146,376,858) | (168,868,901) | (73,236,317) | 95,602,582 |
| Fund Balances, Beginning | 166,202,915 | 166,202,915 | 166,202,915 | - |
| Fund Balances, Ending | \$ 19,826,057 | \$ (2,665,986) | \$ 92,966,598 | \$ 95,602,582 |

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Combining Statements of Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department to another department within the District, on a cost reimbursement basis. This practice provides a separate and complete accounting for all resources accumulated and used in rendering the services and activities listed below.

Employee Benefits Program – To account for the financing of services provided by the District's Employee Benefits Program.

Property, Casualty, and Liability Self-Insurance Plan – To account for the financing and payment of claims for the District's self-insured liability and workers' compensation program and fully insured property/casualty program.

Self-Insured Benefit Plans – To account for the financing and payment of claims for the District's self-insured medical, behavioral health and prescription plans.

Energy Management Program – To account for the financing of the District's Energy Management Program.

Exclusive Agreement – To account for the receipt and use of funds received from the District's exclusive agreement with National Beverages, Inc.

District School Board of Pasco County
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2017

Schedule D

| | Employee Benefits Program | Property, Casualty, Liability and Workers' Compensation Plans | Self-Insured Benefit Plans |
|--|---------------------------------|---|----------------------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash | \$ 136,763 | \$ 8,256,164 | \$ 5,093,997 |
| Investments | 286,198 | 26,532,557 | 22,333,422 |
| Accounts Receivable | 458 | 82,515 | 93,063 |
| Accrued Interest Receivable | 181 | 17,000 | 14,308 |
| Total Current Assets | <u>423,600</u> | <u>34,888,236</u> | <u>27,534,790</u> |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Furniture, Fixtures and Equipment | - | - | - |
| Accumulated Depreciation | - | - | - |
| Total Noncurrent Assets | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>423,600</u> | <u>34,888,236</u> | <u>27,534,790</u> |
| Deferred Outflows of Resources: | | | |
| Pension | 1,123,497 | 208,621 | - |
| Total Deferred Outflows of Resources | <u>1,123,497</u> | <u>208,621</u> | <u>-</u> |
| Total Assets and Deferred Outflows | <u>\$ 1,547,097</u> | <u>\$ 35,096,857</u> | <u>\$ 27,534,790</u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Salaries and Benefits Payable | \$ 14 | \$ - | \$ - |
| Payroll Deductions and Withholdings Payable | - | - | 72,434 |
| Accounts Payable | 4,028 | 73,212 | 14,120,448 |
| Advanced Revenue | - | 5,918 | 240,908 |
| Current portion of long-term liabilities: | | | |
| Compensated Absences Payable | 16,550 | 12,257 | - |
| Estimated Insurance Claims Payable | - | 2,427,000 | - |
| Total Current Liabilities | <u>20,592</u> | <u>2,518,387</u> | <u>14,433,790</u> |
| Noncurrent Liabilities: | | | |
| Estimated Insurance Claims Payable | - | 4,325,000 | - |
| Compensated Absences Payable | 115,310 | 44,302 | - |
| Other Post-Employment Benefits Obligation | 133,387 | 92,105 | - |
| Net Pension Liability - FRS / HIS | 1,871,738 | 368,204 | - |
| Total Noncurrent Liabilities | <u>2,120,435</u> | <u>4,829,611</u> | <u>-</u> |
| Total Liabilities | <u>2,141,027</u> | <u>7,347,998</u> | <u>14,433,790</u> |
| Deferred Inflows of Resources: | | | |
| Pension | 156,791 | 31,456 | - |
| Total Deferred Inflows of Resources | <u>156,791</u> | <u>31,456</u> | <u>-</u> |
| Net Position | | | |
| Investment in Capital Assets | - | - | - |
| Unrestricted | (750,721) | 27,717,403 | 13,101,000 |
| Total Net Position | <u>(750,721)</u> | <u>27,717,403</u> | <u>13,101,000</u> |
| Total Liabilities, Deferred Inflows and Net Position | <u>\$ 1,547,097</u> | <u>\$ 35,096,857</u> | <u>\$ 27,534,790</u> |

| Energy Management Programs | Exclusive Agreement | Totals |
|----------------------------------|------------------------|---------------|
| \$ 1,374,390 | \$ 158,391 | \$ 15,019,705 |
| 1,216,432 | 1,252,758 | 51,621,367 |
| - | - | 176,036 |
| 781 | 803 | 33,073 |
| 2,591,603 | 1,411,952 | 66,850,181 |
| - | 45,618 | 45,618 |
| - | (41,056) | (41,056) |
| - | 4,562 | 4,562 |
| 2,591,603 | 1,416,514 | 66,854,743 |
| 147,004 | - | 1,479,122 |
| 147,004 | - | 1,479,122 |
| \$ 2,738,607 | \$ 1,416,514 | \$ 68,333,865 |
| \$ - | \$ - | \$ 14 |
| - | - | 72,434 |
| 1,129,614 | 14,469 | 15,341,771 |
| - | - | 246,826 |
| 399 | - | 29,206 |
| - | - | 2,427,000 |
| 1,130,013 | 14,469 | 18,117,251 |
| - | - | 4,325,000 |
| 126,697 | - | 286,309 |
| 40,022 | - | 265,514 |
| 270,679 | - | 2,510,621 |
| 437,398 | - | 7,387,444 |
| 1,567,411 | 14,469 | 25,504,695 |
| 9,531 | - | 197,778 |
| 9,531 | - | 197,778 |
| - | 4,562 | 4,562 |
| 1,161,665 | 1,397,483 | 42,626,830 |
| 1,161,665 | 1,402,045 | 42,631,392 |
| \$ 2,738,607 | \$ 1,416,514 | \$ 68,333,865 |

District School Board of Pasco County
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2017

Schedule E

| | Employee Benefits Program | Property, Casualty, Liability and Workers' Compensation Plans | Self-Insured Benefit Plans |
|---|---------------------------------|---|----------------------------------|
| Operating Revenues | | | |
| Insurance Premiums: | | | |
| Board Contributions | \$ - | \$ 12,560,367 | \$ 63,623,415 |
| Employees | - | - | 5,192,891 |
| Retirees | - | - | 4,763,888 |
| Charges for Services Provided | - | - | - |
| Other Operating Revenues | - | 468,543 | 350 |
| Total Operating Revenues | - | 13,028,910 | 73,580,544 |
| Operating Expense | | | |
| Salaries | 462,981 | 422,559 | - |
| Employee Benefits | 443,852 | 164,999 | 117,132 |
| Purchased Services | 65,677 | 1,688,059 | 13,411,464 |
| Insurance Premiums | - | 4,265,610 | 2,504,171 |
| Energy Services | - | - | - |
| Materials and Supplies | 2,742 | 1,705 | 3,514 |
| Insurance Claims | - | 2,140,251 | 55,697,176 |
| Capital Outlay | 54 | 566 | - |
| Other | 4,283 | 49,031 | 77,905 |
| Total Operating Expenses | 979,589 | 8,732,780 | 71,811,362 |
| Operating Income (Loss) | (979,589) | 4,296,130 | 1,769,182 |
| Nonoperating Revenues (Expenses) | | | |
| Investment Earnings | 1,810 | 169,389 | 89,341 |
| Gifts, Grants and Bequests | - | - | 250,200 |
| Insurance Loss Recoveries | - | 120,702 | - |
| Loss on Disposition of Assets | - | - | - |
| Total Nonoperating Revenues | 1,810 | 290,091 | 339,541 |
| Income (Loss) Before Transfers | (977,779) | 4,586,221 | 2,108,723 |
| Transfers In | 685,391 | - | - |
| Transfers Out | - | (185,000) | (685,391) |
| Change in Net Position | (292,388) | 4,401,221 | 1,423,332 |
| Total Net Position, July 1, 2016 | (458,333) | 23,316,182 | 11,677,668 |
| Total Net Position, June 30, 2017 | \$ (750,721) | \$ 27,717,403 | \$ 13,101,000 |

| Energy Management Program | Exclusive Agreement | Totals |
|---------------------------------|------------------------|---------------|
| \$ - | \$ - | \$ 76,183,782 |
| - | - | 5,192,891 |
| - | - | 4,763,888 |
| 13,273,697 | - | 13,273,697 |
| 22,024 | 283,872 | 774,789 |
| 13,295,721 | 283,872 | 100,189,047 |
| 220,052 | - | 1,105,592 |
| 101,472 | - | 827,455 |
| 2,564,927 | 117,747 | 17,847,874 |
| - | - | 6,769,781 |
| 10,236,567 | - | 10,236,567 |
| 7,737 | 48,516 | 64,214 |
| - | - | 57,837,427 |
| - | 6,310 | 6,930 |
| 379 | - | 131,598 |
| 13,131,134 | 172,573 | 94,827,438 |
| 164,587 | 111,299 | 5,361,609 |
| 9,554 | 7,921 | 278,015 |
| - | - | 250,200 |
| - | - | 120,702 |
| - | (6,274) | (6,274) |
| 9,554 | 1,647 | 642,643 |
| 174,141 | 112,946 | 6,004,252 |
| - | - | 685,391 |
| - | - | (870,391) |
| 174,141 | 112,946 | 5,819,252 |
| 987,524 | 1,289,099 | 36,812,140 |
| \$ 1,161,665 | \$ 1,402,045 | \$ 42,631,392 |

District School Board of Pasco County
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017

| | Employee Benefits Program | Property, Casualty and Liability Self-Insurance Plan | Self-Insured Benefit Plans |
|---|---------------------------------|--|----------------------------------|
| Cash Flows from Operating Activities: | | | |
| Cash Received from Services | \$ - | \$ - | \$ - |
| Cash Received from Premiums | 330 | 12,594,440 | 73,560,154 |
| Cash Received from Other Operating Revenues | - | 468,543 | 350 |
| Cash Payments to Suppliers for Goods and Services | (72,491) | (5,970,204) | (13,962,062) |
| Cash Payments to Employees for Services | (620,879) | (550,660) | (48,867) |
| Cash Payments to Insurance Claims | - | (3,070,251) | (55,697,176) |
| Net Cash Provided (Used) by Operating Activities | (693,040) | 3,471,868 | 3,852,399 |
| Cash Flows from Noncapital Financing Activities: | | | |
| Insurance Loss Recoveries | - | 120,702 | - |
| Gifts, Grants and Bequests | - | - | 250,200 |
| Transfers From Other Funds | 685,391 | - | - |
| Transfers To Other Funds | - | (185,000) | (685,391) |
| Net Cash Provided (Used) by Noncapital Financing Activities | 685,391 | (64,298) | (435,191) |
| Cash Flows from Investing Activities: | | | |
| Investment Earnings | 1,781 | 167,566 | 85,111 |
| Purchase and Sale of Investments | (1,810) | 1,830,611 | (3,499,341) |
| Net Cash Provided (Used) by Investing Activities | (29) | 1,998,177 | (3,414,230) |
| Net Change in Cash | (7,678) | 5,405,747 | 2,978 |
| Cash, Beginning | 144,441 | 2,850,417 | 5,091,019 |
| Cash, Ending | \$ 136,763 | \$ 8,256,164 | \$ 5,093,997 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income (Loss) | \$ (979,589) | \$ 4,296,130 | \$ 1,769,182 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Change in Assets and Liabilities: | | | |
| Accounts Receivable | 330 | 34,299 | (24,590) |
| Accounts Payable | 265 | 34,767 | 2,034,992 |
| Payroll Deductions and Withholdings Payable | - | - | 68,265 |
| Advanced Revenues | - | (226) | 4,550 |
| Compensated Absences Payable | (19,674) | 2,816 | - |
| Other Post-Employment Benefits Obligation | 17,043 | 9,373 | - |
| Pension Amounts | 288,585 | 24,709 | - |
| Estimated Insurance Claims Payable | - | (930,000) | - |
| Total Adjustments | 286,549 | (824,262) | 2,083,217 |
| Net Cash Provided (Used) by Operating Activities | \$ (693,040) | \$ 3,471,868 | \$ 3,852,399 |

| Energy Management Program | Exclusive Agreement | Totals |
|---------------------------------|------------------------|----------------------|
| \$ 13,273,697 | \$ - | \$ 13,273,697 |
| - | - | 86,154,924 |
| 22,024 | 283,872 | 774,789 |
| (12,688,207) | (158,104) | (32,851,068) |
| (287,737) | - | (1,508,143) |
| - | - | (58,767,427) |
| <u>319,777</u> | <u>125,768</u> | <u>7,076,772</u> |
| - | - | 120,702 |
| - | - | 250,200 |
| - | - | 685,391 |
| - | - | (870,391) |
| - | - | 185,902 |
| 9,638 | 7,784 | 271,880 |
| 400,445 | (7,921) | (1,278,016) |
| <u>410,083</u> | <u>(137)</u> | <u>(1,006,136)</u> |
| 729,860 | 125,631 | 6,256,538 |
| 644,530 | 32,760 | 8,763,167 |
| <u>\$ 1,374,390</u> | <u>\$ 158,391</u> | <u>\$ 15,019,705</u> |
| \$ 164,587 | \$ 111,299 | \$ 5,361,609 |
| - | - | 10,039 |
| 121,403 | 14,469 | 2,205,896 |
| - | - | 68,265 |
| - | - | 4,324 |
| 2,175 | - | (14,683) |
| 4,261 | - | 30,677 |
| 27,351 | - | 340,645 |
| - | - | (930,000) |
| <u>155,190</u> | <u>14,469</u> | <u>1,715,163</u> |
| <u>\$ 319,777</u> | <u>\$ 125,768</u> | <u>\$ 7,076,772</u> |

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Combining Statements of Agency Funds

Agency Funds are used to account for financial resources held by the District as an agent. Assets accounted for in an agency fund belong to the party or parties for which the District acts as an agent. Therefore, agency fund assets are offset by liabilities equal in amount. Agency funds do not report net position.

School Internal Accounts - To account for financial resources collected by the schools and held by the District as an agent, which will be used for school and student athletic activities, class activities and club activities.

ABC Program - To account for employee and public donations, held by the District as an agent, to be used to assist financially disadvantaged students enrolled in Pasco County schools.

District School Board of Pasco County
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2017

| | School Internal Accounts | ABC Program | Total |
|------------------------------------|--------------------------------|------------------|---------------------|
| Assets: | | | |
| Cash | \$ 8,744,524 | \$ 10,402 | \$ 8,754,926 |
| Investments | - | 73,207 | 73,207 |
| Accounts Receivable | 8,986 | - | 8,986 |
| Interest Receivable on Investments | - | 45 | 45 |
| Inventories | 5,908 | - | 5,908 |
| | <u>\$ 8,759,418</u> | <u>\$ 83,654</u> | <u>\$ 8,843,072</u> |
| Total Assets | <u>\$ 8,759,418</u> | <u>\$ 83,654</u> | <u>\$ 8,843,072</u> |
| Liabilities: | | | |
| Accounts Payable | \$ 808,763 | \$ - | \$ 808,763 |
| Internal Accounts Payable | 7,950,655 | - | 7,950,655 |
| ABC Program Payable | - | 83,654 | 83,654 |
| | <u>\$ 8,759,418</u> | <u>\$ 83,654</u> | <u>\$ 8,843,072</u> |
| Total Liabilities | <u>\$ 8,759,418</u> | <u>\$ 83,654</u> | <u>\$ 8,843,072</u> |

District School Board of Pasco County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017

| | School Internal Accounts | | | |
|------------------------------------|--------------------------|----------------------|----------------------|---------------------|
| | Beginning Balance | Additions | Deductions | Ending Balance |
| Assets: | | | | |
| Cash | \$ 8,294,408 | \$ 15,052,200 | \$ 14,602,084 | \$ 8,744,524 |
| Accounts Receivable | 8,716 | 26,606 | 26,336 | 8,986 |
| Inventories | 17,798 | 70,583 | 82,473 | 5,908 |
| Total Assets | <u>\$ 8,320,922</u> | <u>\$ 15,149,389</u> | <u>\$ 14,710,893</u> | <u>\$ 8,759,418</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 749,404 | \$ 14,600,288 | \$ 14,540,929 | \$ 808,763 |
| Internal Accounts Payable | 7,571,518 | 26,862,131 | 26,482,994 | 7,950,655 |
| Total Liabilities | <u>\$ 8,320,922</u> | <u>\$ 41,462,419</u> | <u>\$ 41,023,923</u> | <u>\$ 8,759,418</u> |
| | ABC Program | | | |
| | Beginning Balance | Additions | Deductions | Ending Balance |
| Assets: | | | | |
| Cash | \$ 6,973 | \$ 4,067 | \$ 638 | \$ 10,402 |
| Investments | 72,745 | 799 | 337 | 73,207 |
| Interest Receivable on Investments | 39 | 45 | 39 | 45 |
| Total Assets | <u>\$ 79,757</u> | <u>\$ 4,911</u> | <u>\$ 1,014</u> | <u>\$ 83,654</u> |
| Liabilities: | | | | |
| ABC Program Payable | <u>\$ 79,757</u> | <u>\$ 5,165</u> | <u>\$ 1,268</u> | <u>\$ 83,654</u> |
| | Total Agency Funds | | | |
| | Beginning Balance | Additions | Deductions | Ending Balance |
| Assets: | | | | |
| Cash | \$ 8,301,381 | \$ 15,056,267 | \$ 14,602,722 | \$ 8,754,926 |
| Investments | 72,745 | 799 | 337 | 73,207 |
| Accounts Receivable | 8,716 | 26,606 | 26,336 | 8,986 |
| Interest Receivable on Investments | 39 | 45 | 39 | 45 |
| Inventories | 17,798 | 70,583 | 82,473 | 5,908 |
| Total Assets | <u>\$ 8,400,679</u> | <u>\$ 15,154,300</u> | <u>\$ 14,711,907</u> | <u>\$ 8,843,072</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 749,404 | \$ 14,600,288 | \$ 14,540,929 | \$ 808,763 |
| Internal Accounts Payable | 7,571,518 | 26,862,131 | 26,482,994 | 7,950,655 |
| ABC Program Payable | 79,757 | 5,165 | 1,268 | 83,654 |
| Total Liabilities | <u>\$ 8,400,679</u> | <u>\$ 41,467,584</u> | <u>\$ 41,025,191</u> | <u>\$ 8,843,072</u> |

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Combining Statements of Component Units

Component units are entities and/or organizations for which the School Board is financially accountable. Due to the nature and significance of their relationship with the School Board, exclusion of these entities and/or organizations would cause the District's basic financial statements to be misleading. The component units columns in the government-wide financial statements, Exhibits A and B, include consolidated financial data for the following component units:

Academy at the Farm, Inc. – Focuses on creatively integrating equestrian, horticultural and farm animal components into an interactive, inclusive learning environment.

Athenian Academy of Pasco County, Inc. – A kindergarten through 8th grade school offering students a program that incorporates the Greek language and culture.

Classical Preparatory School – A K through 8th grade school providing a classical style education.

Countryside Montessori Charter School, Inc. – A 1st through 8th grade school providing an alternative education program.

Dayspring Academy for Education and the Arts – Emphasizes the fine arts, offering students specialized instruction in dance, music, and art.

Florida Virtual Academy at Pasco - A K through 8th grade school providing curriculum in an on-line educational environment.

Imagine School at Land O' Lakes – A kindergarten through 7th grade school providing an alternative education program.

Learning Lodge Academy, Inc. – A K through 3rd grade school providing an alternative elementary education program.

Pepin Academies of Pasco County, Inc. – A 3rd through 10th grade school providing an alternative education program for special needs students.

Plato Academy Trinity Charter School – A K through 3rd grade school offering an enriched, disruption-free environment through optimum instruction, support and encouragement.

Pasco Education Foundation, Inc. – A separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to receive, hold, invest and administer property and to make expenditures to or for the benefit of the District.

District School Board of Pasco County
Combining Statement of Net Position
Component Units
June 30, 2017

| | Academy at the Farm, Inc. | Athenian Academy of Pasco County, Inc. | Classical Preparatory School | Countryside Montessori Charter School, Inc. | Dayspring Academy for Education and the Arts |
|---|---------------------------------|--|------------------------------------|---|--|
| Assets: | | | | | |
| Cash | \$ 239,329 | \$ 309,306 | \$ 408,609 | \$ 169,235 | \$ 235,180 |
| Investments | - | - | 2,508,026 | - | - |
| Accounts Receivable | 4,101 | 2,132 | 79,178 | 220 | 2,895 |
| Deposits Receivable | - | - | 2,000 | 10,000 | - |
| Due From Other Agencies | 13,368 | 19,210 | 18,269 | 11,533 | 33,248 |
| Prepaid Items | - | 52,343 | - | - | 46,497 |
| Capital Assets (net of accumulated depreciation) | | | | | |
| Land | 788,979 | - | 500,000 | 105,872 | 544,683 |
| Construction in Process | - | - | 2,689,099 | - | - |
| Improvements Other Than Buildings | - | - | - | - | 234,070 |
| Leasehold Property and Improvements | 56,954 | - | - | 121,278 | 82,295 |
| Buildings and Fixed Equipment | 3,528,613 | 195,625 | 4,105,668 | 135,600 | 3,450,738 |
| Furniture, Fixtures, and Equipment | 59,128 | 123,840 | 15,104 | 29,417 | 2,857 |
| Motor Vehicles | - | - | 23,571 | - | - |
| Computer Software | - | - | - | - | - |
| Total Assets | 4,690,472 | 702,456 | 10,349,524 | 583,155 | 4,632,463 |
| Deferred Outflows of Resources: | | | | | |
| Pension | - | - | - | - | - |
| Total Deferred Outflows of Resources | - | - | - | - | - |
| Total Assets and Deferred Outflows | \$ 4,690,472 | \$ 702,456 | \$ 10,349,524 | \$ 583,155 | \$ 4,632,463 |
| Liabilities: | | | | | |
| Salaries and Benefits Payable | \$ - | \$ 151,365 | \$ 106,982 | \$ - | \$ 186,725 |
| Accounts Payable | 61,313 | 10,723 | 158,378 | 4,939 | 40,627 |
| Due To Other Agencies | - | - | - | - | - |
| Accrued Interest Payable | - | - | - | - | - |
| Advanced Revenue | - | - | - | - | - |
| Construction Contracts Payable- Retainage | - | - | 206,319 | - | - |
| Total Current Liabilities | 61,313 | 162,088 | 471,679 | 4,939 | 227,352 |
| Non-Current Liabilities Due Within One Year: | | | | | |
| Notes Payable | 86,749 | - | - | 15,018 | 183,902 |
| Obligations Under Capital Leases | - | 28,319 | - | 32,405 | 19,293 |
| Compensated Absences Payable | - | - | - | - | 111,201 |
| Bonds Payable | - | - | 5,850 | - | - |
| Total Due within one year | 86,749 | 28,319 | 5,850 | 47,423 | 314,396 |
| Long-Term Debt and Liabilities: | | | | | |
| Notes Payable | 3,894,461 | - | - | 96,369 | 3,210,149 |
| Obligations Under Capital Leases | - | 36,341 | - | - | - |
| Bonds Payable | - | - | 10,086,365 | - | - |
| Net Pension Liability | - | - | - | - | - |
| Total Due in more than one year | 3,894,461 | 36,341 | 10,086,365 | 96,369 | 3,210,149 |
| Total Liabilities | 4,042,523 | 226,748 | 10,563,894 | 148,731 | 3,751,897 |
| Deferred Inflows of Resources: | | | | | |
| Pension | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - | - |
| Net Position: | | | | | |
| Net Investment in Capital Assets | 452,464 | 254,805 | (2,758,773) | 248,375 | 901,299 |
| Restricted for Other Purposes | - | - | 2,508,026 | - | - |
| Non-expendable-Permanent Endowment | - | - | - | - | - |
| Unrestricted | 195,485 | 220,903 | 36,377 | 186,049 | (20,733) |
| Total Net Position | \$ 647,949 | \$ 475,708 | \$ (214,370) | \$ 434,424 | \$ 880,566 |

Schedule I

| Florida Virtual Academy at Pasco | Imagine School at Land O' Lakes | Learning Lodge Academy, Inc. | Pepin Academies of Pasco County, Inc. | Plato Academy Trinity Charter School | Pasco Education Foundation, Inc. | Total Component Units |
|----------------------------------|---------------------------------|------------------------------|---------------------------------------|--------------------------------------|----------------------------------|-----------------------|
| \$ 118,126 | \$ 735,253 | \$ 239,779 | \$ 531,674 | \$ 102,637 | \$ 458,472 | \$ 3,547,600 |
| - | - | - | - | - | 2,305,690 | 4,813,716 |
| - | 3,333 | - | 59,353 | - | 23,850 | 175,062 |
| - | - | - | - | 4,668 | - | 16,668 |
| 2,371 | 28,660 | 15,484 | - | 19,741 | - | 161,884 |
| - | 83,064 | 9,817 | 41,359 | - | 1,785,012 | 2,018,092 |
| - | - | - | - | - | - | 1,939,534 |
| - | - | - | - | - | - | 2,689,099 |
| - | - | - | - | - | - | 234,070 |
| - | 180,744 | 82,312 | 187,529 | 22,724 | - | 733,836 |
| - | - | - | - | - | - | 11,416,244 |
| - | 157,754 | 137,460 | 108,990 | 28,316 | - | 662,866 |
| - | 286,612 | - | - | - | - | 310,183 |
| - | - | - | - | - | 33,012 | 33,012 |
| 120,497 | 1,475,420 | 484,852 | 928,905 | 178,086 | 4,606,036 | 28,751,866 |
| - | - | 537,162 | - | - | - | - |
| - | - | 537,162 | - | - | - | 537,162 |
| <u>\$ 120,497</u> | <u>\$ 1,475,420</u> | <u>\$ 1,022,014</u> | <u>\$ 928,905</u> | <u>\$ 178,086</u> | <u>\$ 4,606,036</u> | <u>\$ 29,289,028</u> |
| \$ - | \$ 254,283 | \$ 3,038 | \$ 228,823 | \$ - | \$ 300 | \$ 931,516 |
| 120,497 | 31,425 | 8,550 | 42,787 | 109,439 | 10,754 | 599,432 |
| - | - | - | - | - | - | - |
| - | - | - | 26,538 | - | - | 26,538 |
| - | 4,800 | - | - | - | - | 4,800 |
| - | - | - | - | - | - | 206,319 |
| 120,497 | 290,508 | 11,588 | 298,148 | 109,439 | 11,054 | 1,768,605 |
| - | 56,549 | - | 250,000 | - | - | 592,218 |
| - | - | - | - | - | - | 80,017 |
| - | - | - | - | - | - | 111,201 |
| - | - | - | - | - | - | 5,850 |
| - | 56,549 | - | 250,000 | - | - | 789,286 |
| - | 182,107 | - | - | 135,000 | - | 7,518,086 |
| - | - | - | - | - | - | 36,341 |
| - | - | - | - | - | - | 10,086,365 |
| - | - | 555,101 | - | - | - | 555,101 |
| - | 182,107 | 555,101 | - | 135,000 | - | 18,195,893 |
| 120,497 | 529,164 | 566,689 | 548,148 | 244,439 | 11,054 | 20,753,784 |
| - | - | 3,472 | - | - | - | - |
| - | - | 3,472 | - | - | - | 3,472 |
| - | 386,454 | 219,772 | 46,519 | 51,040 | - | (198,045) |
| - | - | - | - | - | 4,141,192 | 6,649,218 |
| - | - | - | - | - | - | - |
| - | 559,802 | 232,081 | 334,238 | (117,393) | 453,790 | 2,080,599 |
| <u>\$ -</u> | <u>\$ 946,256</u> | <u>\$ 451,853</u> | <u>\$ 380,757</u> | <u>\$ (66,353)</u> | <u>\$ 4,594,982</u> | <u>\$ 8,531,772</u> |

District School Board of Pasco County
Combining Statements of Activities
Component Units
For the Fiscal Year Ended June 30, 2017

Schedule J

| <u>Academy at the Farm, Inc., Activities:</u> | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|---------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Instruction | \$ 2,767,527 | \$ - | \$ - | \$ - | \$ (2,767,527) |
| Student Support Services | 15,315 | - | - | - | (15,315) |
| Instruction-Related Technology | 201,092 | - | - | - | (201,092) |
| Board | 7,000 | - | - | - | (7,000) |
| General Administration | 32,964 | - | - | - | (32,964) |
| School Administration | 616,911 | - | - | - | (616,911) |
| Facilities Acquisition and Construction | 351 | - | - | - | (351) |
| Fiscal Services | 67,744 | - | - | - | (67,744) |
| Operation of Plant | 266,466 | - | - | - | (266,466) |
| Maintenance of Plant | 135,123 | - | - | - | (135,123) |
| Community Service | 188,380 | 422,064 | - | - | 233,684 |
| Debt Service - Interest | 224,433 | - | - | 160,743 | (63,690) |
| Depreciation-Unallocated | 236,660 | - | - | - | (236,660) |
| Total Academy at the Farm, Inc., Activities | <u>\$ 4,759,966</u> | <u>\$ 422,064</u> | <u>\$ -</u> | <u>\$ 160,743</u> | <u>(4,177,159)</u> |
| <u>General Revenues:</u> | | | | | |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 3,827,951 |
| Miscellaneous | | | | | 338,443 |
| Total General Revenues | | | | | <u>4,166,394</u> |
| Change in Net Position | | | | | (10,765) |
| Net Position, Beginning | | | | | <u>658,714</u> |
| Net Position, Ending | | | | | <u>\$ 647,949</u> |

| <u>Athenian Academy of Pasco County, Inc., Activities:</u> | Expenses | Program Revenues | | | Revenue and Changes in Net Position |
|--|---------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Instruction | \$ 1,260,539 | \$ - | \$ 15,438 | \$ - | \$ (1,245,101) |
| Student Support Services | 29,246 | - | - | - | (29,246) |
| Instructional and Curriculum Development | 5,086 | - | - | - | (5,086) |
| Board | 13,084 | - | - | - | (13,084) |
| General Administration | 193,260 | - | - | - | (193,260) |
| School Administration | 256,663 | - | - | - | (256,663) |
| Fiscal Services | 90,797 | - | - | - | (90,797) |
| Food Services | 10,143 | - | - | - | (10,143) |
| Central Services | 30,988 | - | - | - | (30,988) |
| Student Transportation Services | 78,920 | - | 47,160 | - | (31,760) |
| Operation of Plant | 378,458 | - | - | 91,320 | (287,138) |
| Administrative Technology | 2,505 | - | - | - | (2,505) |
| Community Services | 64,553 | 56,114 | - | - | (8,439) |
| Debt Service-Interest | 8,319 | - | - | - | (8,319) |
| Depreciation-Unallocated | 69,541 | - | - | - | (69,541) |
| Total Athenian Academy of Pasco County, Inc., Activities | <u>\$ 2,492,102</u> | <u>\$ 56,114</u> | <u>\$ 62,598</u> | <u>\$ 91,320</u> | <u>(2,282,070)</u> |
| <u>General Revenues:</u> | | | | | |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 2,149,104 |
| Miscellaneous | | | | | 87,260 |
| Total General Revenues | | | | | <u>2,236,364</u> |
| Change in Net Position | | | | | (45,706) |
| Net Position, Beginning | | | | | <u>521,414</u> |
| Net Position, Ending | | | | | <u>\$ 475,708</u> |

| Classical Preparatory School | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|---------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Instruction | \$ 1,711,368 | \$ - | \$ - | \$ - | \$ (1,711,368) |
| Instructional Media Services | 835 | - | - | - | (835) |
| Instructional Staff Training | 180 | - | - | - | (180) |
| Board | 115,262 | - | - | - | (115,262) |
| School Administration | 519,686 | - | - | - | (519,686) |
| Facilities Acquisition and Construction | 259,888 | - | - | 132,569 | (127,319) |
| Fiscal Services | 98,431 | - | - | - | (98,431) |
| Food Services | 10,075 | - | - | - | (10,075) |
| Student Transportation Services | 26,078 | - | - | - | (26,078) |
| Operation of Plant | 276,517 | - | - | - | (276,517) |
| Community Service | 113,470 | - | - | - | (113,470) |
| Debt Service - Interest | 745,336 | - | - | - | (745,336) |
| Depreciation-Unallocated | 73,798 | - | - | - | (73,798) |
| Total Academy at the Farm, Inc., Activities | <u>\$ 3,950,924</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 132,569</u> | <u>(3,818,355)</u> |
| General Revenues: | | | | | |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 3,156,252 |
| Miscellaneous | | | | | 238,957 |
| Total General Revenues | | | | | <u>3,395,209</u> |
| Change in Net Position | | | | | (423,146) |
| Net Position, Beginning | | | | | <u>208,776</u> |
| Net Position, Ending | | | | | <u>\$ (214,370)</u> |

| Countryside Montessori Charter School, Inc., Activities: | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Instruction | \$ 1,593,006 | \$ - | \$ - | \$ - | \$ (1,593,006) |
| Instructional Staff Training | 180 | - | - | - | (180) |
| School Administration | 354,279 | - | - | - | (354,279) |
| Facilities Acquisition and Construction | 190,099 | - | - | 88,266 | (101,833) |
| Fiscal Services | 40,290 | - | - | - | (40,290) |
| Food Services | 3,212 | - | - | - | (3,212) |
| Operation of Plant | 121,052 | - | - | - | (121,052) |
| Maintenance of Plant | 5,545 | - | - | - | (5,545) |
| Community Service | 201,957 | 13,612 | - | - | (188,345) |
| Debt Service-Interest | 9,598 | - | - | - | (9,598) |
| Depreciation-Unallocated | 81,715 | - | - | - | (81,715) |
| Total Countryside Montessori Charter School, Inc., Activities | <u>\$ 2,600,933</u> | <u>\$ 13,612</u> | <u>\$ -</u> | <u>\$ 88,266</u> | <u>(2,499,055)</u> |
| General Revenues: | | | | | |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 2,056,268 |
| Miscellaneous | | | | | 424,284 |
| Total General Revenues | | | | | <u>2,480,552</u> |
| Change in Net Position | | | | | (18,503) |
| Net Position, Beginning | | | | | <u>452,927</u> |
| Net Position, Ending | | | | | <u>\$ 434,424</u> |

District School Board of Pasco County
Combining Statements of Activities
Component Units
For the Fiscal Year Ended June 30, 2017

Schedule J

| <u>Dayspring Academy for Education and the Arts, Activities:</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|---|---------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Instruction | \$ 2,740,847 | \$ - | \$ 6,803 | \$ - | \$ (2,734,044) |
| Student Support Services | 42,283 | - | - | - | (42,283) |
| Instructional Staff Training | 3,320 | - | - | - | (3,320) |
| School Administration | 986,023 | - | - | - | (986,023) |
| Facilities Acquisition & Construction | 112,991 | - | - | 112,991 | - |
| Fiscal Services | 39,573 | - | - | - | (39,573) |
| Student Transportation Services | 100,689 | - | - | - | (100,689) |
| Operation of Plant | 536,852 | - | - | 80,942 | (455,910) |
| Maintenance of Plant | 34,898 | - | - | - | (34,898) |
| Administrative Technology Services | 98,704 | - | - | - | (98,704) |
| Community Service | 700,048 | - | - | - | (700,048) |
| Debt Service-Interest | 162,442 | - | - | - | (162,442) |
| Depreciation-Unallocated | 125,412 | - | - | - | (125,412) |
| Total Dayspring Academy for Education and the Arts, Activities | \$ 5,684,082 | \$ - | \$ 6,803 | \$ 193,933 | (5,483,346) |

General Revenues:

| | |
|--|------------------|
| Grants and Contributions Not Restricted to Specific Programs | 4,624,019 |
| Miscellaneous | 905,436 |
| Total General Revenues | 5,529,455 |

| | |
|-----------------------------|-------------------|
| Change in Net Position | 46,109 |
| Net Position, Beginning | 834,457 |
| Net Position, Ending | \$ 880,566 |

| <u>Florida Virtual Academy at Pasco, Activities:</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|---|---------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Instruction | \$ 229,066 | \$ - | \$ - | \$ - | \$ (229,066) |
| Student Support Services | 57,578 | - | - | - | (57,578) |
| Instructional and Curriculum Development | 474,789 | - | - | - | (474,789) |
| Instructional Staff Training | 3,820 | - | - | - | (3,820) |
| Instruction-Related Technology | 109,574 | - | - | - | (109,574) |
| Board | 25,767 | - | - | - | (25,767) |
| General Administration | 28,686 | - | - | - | (28,686) |
| School Administration | 143,743 | - | - | - | (143,743) |
| Fiscal Services | 294 | - | - | - | (294) |
| Operation of Plant | 31,157 | - | - | - | (31,157) |
| Maintenance of Plant | 31 | - | - | - | (31) |
| Total Florida Virtual Academy at Pasco, Activities | \$ 1,104,505 | \$ - | \$ - | \$ - | (1,104,505) |

General Revenues:

| | |
|--|------------------|
| Grants and Contributions Not Restricted to Specific Programs | 573,720 |
| Miscellaneous | 530,785 |
| Total General Revenues | 1,104,505 |

| | |
|-----------------------------|-------------|
| Change in Net Position | - |
| Net Position, Beginning | - |
| Net Position, Ending | \$ - |

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| <u>Imagine School at Land O'Lakes, Activities:</u> | | | | | |
| Instruction | \$ 2,723,491 | \$ - | \$ - | \$ - | \$ (2,723,491) |
| Student Support Services | 691 | - | - | - | (691) |
| Instructional Media | 52,012 | - | - | - | (52,012) |
| Instructional and Curriculum Development | 57,182 | - | - | - | (57,182) |
| Instructional Staff Training Services | 5,104 | - | - | - | (5,104) |
| Instruction-Related Technology | 11,370 | - | - | - | (11,370) |
| Board | 7,050 | - | - | - | (7,050) |
| General Administration | 651,805 | - | - | - | (651,805) |
| School Administration | 360,797 | - | - | - | (360,797) |
| Fiscal Services | 101,884 | - | - | - | (101,884) |
| Food Services | 31,495 | - | - | - | (31,495) |
| Central Services | 776 | - | - | - | (776) |
| Student Transportation Services | 160,997 | - | - | - | (160,997) |
| Operation of Plant | 1,105,501 | - | - | 215,424 | (890,077) |
| Maintenance of Plant | 90,904 | - | - | - | (90,904) |
| Community Service | 99,366 | - | - | - | (99,366) |
| Debt Service - Interest | 13,739 | - | - | - | (13,739) |
| Depreciation-Unallocated | 121,030 | - | - | - | (121,030) |
| Total Imagine School at Land O'Lakes, Activities | <u>\$ 5,595,194</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 215,424</u> | <u>(5,379,770)</u> |

General Revenues:

| | |
|--|-------------------|
| Grants and Contributions Not Restricted to Specific Programs | 5,107,236 |
| Miscellaneous | 386,671 |
| Total General Revenues | <u>5,493,907</u> |
| Change in Net Position | 114,137 |
| Net Position, Beginning | <u>832,119</u> |
| Net Position, Ending | <u>\$ 946,256</u> |

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|---------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| <u>Learning Lodge Academy, Inc.</u> | | | | | |
| Instruction | \$ 1,025,459 | \$ 22,966 | \$ - | \$ - | \$ (1,002,493) |
| Student Support Services | 1,177 | - | - | - | (1,177) |
| Instructional Staff Training | 16,971 | - | - | - | (16,971) |
| Board | 7,851 | - | - | - | (7,851) |
| General Administration | 85,833 | - | - | - | (85,833) |
| School Administration | 254,063 | - | - | - | (254,063) |
| Facilities Acquisition & Construction | 146,116 | - | - | 69,661 | (76,455) |
| Fiscal Services | 11,498 | - | - | - | (11,498) |
| Food Services | 4,438 | - | - | - | (4,438) |
| Operation of Plant | 131,119 | - | - | - | (131,119) |
| Community Service | 15,891 | - | - | - | (15,891) |
| Depreciation-Unallocated | 52,595 | - | - | - | (52,595) |
| Total Learning Lodge Academy, Inc., Activities | <u>\$ 1,753,011</u> | <u>\$ 22,966</u> | <u>\$ -</u> | <u>\$ 69,661</u> | <u>(1,660,384)</u> |

General Revenues:

| | |
|--|-------------------|
| Grants and Contributions Not Restricted to Specific Programs | 1,683,633 |
| Miscellaneous | 39,874 |
| Total General Revenues | <u>1,723,507</u> |
| Change in Net Position | 63,123 |
| Net Position, Beginning | <u>347,800</u> |
| Adjustment to Beginning Net Position | <u>40,930</u> |
| Net Position, Ending | <u>\$ 451,853</u> |

**District School Board of Pasco County
Combining Statements of Activities
Component Units
For the Fiscal Year Ended June 30, 2017**

Schedule J

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| <u>Pepin Academies of Pasco County, Inc.</u> | | | | | |
| Instruction | \$ 2,201,780 | \$ - | \$ - | \$ - | \$ (2,201,780) |
| Student Support Services | 494,479 | - | 147,650 | - | (346,829) |
| Instructional Staff Training Services | 1,615 | - | - | - | (1,615) |
| General Administration | 83,385 | - | - | - | (83,385) |
| School Administration | 474,748 | - | - | - | (474,748) |
| Fiscal Services | 27,050 | - | - | - | (27,050) |
| Food Services | 142,065 | 21,299 | 90,269 | - | (30,497) |
| Operation of Plant | 646,161 | - | - | - | (646,161) |
| Maintenance of Plant | 16,478 | - | - | - | (16,478) |
| Community Service | 12,276 | 18,666 | - | - | 6,390 |
| Debt Service - Interest | 9,331 | - | - | - | (9,331) |
| | | | | | |
| Total Pepin Academies of Pasco County, Inc., Activities | <u>\$ 4,109,368</u> | <u>\$ 39,965</u> | <u>\$ 237,919</u> | <u>\$ -</u> | <u>(3,831,484)</u> |

General Revenues:

| | |
|--|-------------------|
| Grants and Contributions Not Restricted to Specific Programs | 3,820,163 |
| Miscellaneous | 296,668 |
| Total General Revenues | <u>4,116,831</u> |
| | |
| Change in Net Position | 285,347 |
| Net Position, Beginning | <u>95,410</u> |
| | |
| Net Position, Ending | <u>\$ 380,757</u> |

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|-------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| <u>Plato Academy Trinity Charter School</u> | | | | | |
| Instruction | \$ 264,036 | \$ - | \$ 86,546 | \$ - | \$ (177,490) |
| Student Support Services | - | - | - | - | - |
| Instructional Media Services | - | - | - | - | - |
| Instruction-Related Technology | 6,432 | - | - | - | (6,432) |
| General Administration | 18,766 | - | - | - | (18,766) |
| School Administration | 116,547 | - | 8,562 | - | (107,985) |
| Fiscal Services | - | - | - | - | - |
| Food Services | - | - | - | - | - |
| Central Services | 60,634 | - | 5,365 | - | (55,269) |
| Operation of Plant | 123,349 | - | - | 15,206 | (108,143) |
| Maintenance of Plant | - | - | - | - | - |
| Community Service | - | - | - | - | - |
| Depreciation-Unallocated | 4,243 | - | - | - | (4,243) |
| | | | | | |
| Total Pepin Academies of Pasco County, Inc., Activities | <u>\$ 594,007</u> | <u>\$ -</u> | <u>\$ 100,473</u> | <u>\$ 15,206</u> | <u>(478,328)</u> |

General Revenues:

| | |
|--|--------------------|
| Grants and Contributions Not Restricted to Specific Programs | 411,975 |
| Miscellaneous | - |
| Total General Revenues | <u>411,975</u> |
| | |
| Change in Net Position | (66,353) |
| Net Position, Beginning | <u>-</u> |
| | |
| Net Position, Ending | <u>\$ (66,353)</u> |

| <u>Pasco Education Foundation, Inc., Activities:</u> | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|------------------|-------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Community Service | \$ 1,041,475 | \$ - | \$ - | \$ - |
| | | | | (1,041,475) |
| <u>General Revenues:</u> | | | | |
| Grants and Contributions Not Restricted to Specific Programs | | | | 1,201,937 |
| Unrestricted Investment Earnings | | | | 217,604 |
| Total General Revenues | | | | 1,419,541 |
| Change in Net Position | | | | 378,066 |
| Net Position, Beginning | | | | 4,216,916 |
| Net Position, Ending | | | | \$ 4,594,982 |

| <u>Total Component Units Activities:</u> | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|------------------|-------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Instruction | \$ 16,517,119 | \$ 22,966 | \$ 108,787 | \$ - |
| Student Support Services | 640,769 | - | 147,650 | - |
| Instructional Media | 52,847 | - | - | - |
| Instructional and Curriculum Development | 537,057 | - | - | - |
| Instructional Staff Training Services | 31,190 | - | - | - |
| Instruction-Related Technology | 328,468 | - | - | - |
| Board | 176,014 | - | - | - |
| General Administration | 1,094,699 | - | - | - |
| School Administration | 4,083,460 | - | 8,562 | - |
| Facilities Acquisition and Construction | 709,445 | - | - | 403,487 |
| Fiscal Services | 477,561 | - | - | - |
| Food Services | 201,428 | 21,299 | 90,269 | - |
| Central Services | 92,398 | - | 5,365 | - |
| Student Transportation Services | 366,684 | - | 47,160 | - |
| Operation of Plant | 3,616,632 | - | - | 402,892 |
| Maintenance of Plant | 282,979 | - | - | - |
| Administrative Technology Services | 101,209 | - | - | - |
| Community Service | 2,437,416 | 510,456 | - | - |
| Debt Service - Interest | 1,173,198 | - | - | 160,743 |
| Depreciation-Unallocated | 764,994 | - | - | - |
| Total Component Units Activities | \$ 33,685,567 | \$ 554,721 | \$ 407,793 | \$ 967,122 |
| | | | | (31,755,931) |

| | | | | |
|--|--|--|--|--------------|
| <u>General Revenues:</u> | | | | |
| Grants and Contributions Not Restricted to Specific Programs | | | | 28,612,258 |
| Miscellaneous | | | | 3,248,378 |
| Unrestricted Investment Earnings | | | | 217,604 |
| Total General Revenues | | | | 32,078,240 |
| Change in Net Position | | | | 322,309 |
| Net Position, Beginning | | | | 8,168,533 |
| Adjustment to Beginning Net Position | | | | 40,930 |
| Net Position, Ending | | | | \$ 8,531,772 |

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STATISTICAL SECTION

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Statistical Section

Introduction

This section of the District's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health. This information has not been audited by the independent auditor.

Financial Trends

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

| | |
|---------|---|
| Table 1 | Net Position by Component – Government-Wide |
| Table 2 | Changes in Net Position – Primary Government |
| Table 3 | Fund Balances – Governmental Funds |
| Table 4 | Changes in Fund Balances – Governmental Funds and Debt Service Ratios |

Revenue Capacity

These tables contain information to help the reader assess the District's significant local revenue sources, the property tax, as well as other revenue sources.

| | |
|---------|---|
| Table 5 | Assessed and Estimated Actual Value of Taxable Property |
| Table 6 | General Governmental Tax Revenues by Source |
| Table 7 | Property Tax Levies and Collections |
| Table 8 | Direct and Overlapping Property Tax Rates |
| Table 9 | Principal Property Taxpayers |

Debt Capacity

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

| | |
|----------|---|
| Table 10 | Ratios of Outstanding Debt by Type |
| Table 11 | Ratio of Net General Bonded Debt Outstanding |
| Table 12 | Direct and Overlapping Governmental Activities Debt |
| Table 13 | Legal Debt Margin Information |
| Table 14 | Pledged Revenue Coverage |

Economic and Demographic Information

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

| | |
|----------|-------------------------------------|
| Table 15 | Demographic and Economic Statistics |
| Table 16 | Principal Employers in Pasco County |

Operating Information

These tables contain service and infrastructure 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.

| | |
|----------|-----------------------------|
| Table 17 | Number of Personnel |
| Table 18 | Teacher Base Salaries |
| Table 19 | Operating Statistics |
| Table 20 | School Building Information |

Sources: Unless otherwise noted, the information in this section is derived from the District's comprehensive annual reports for the relevant year.

District School Board of Pasco County
Net Position by Component - Government-Wide
Last Ten Fiscal Years
(Unaudited)

Table 1

| | For the Fiscal Year Ending | | | |
|---|----------------------------|-----------------------|-----------------------|-----------------------|
| | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 |
| Governmental Activities: | | | | |
| Net Investment in Capital Assets | \$ 477,656,475 | \$ 532,146,394 | \$ 609,215,910 | \$ 610,511,400 |
| Restricted | 239,259,651 | 199,546,968 | 150,219,796 | 156,915,364 |
| Unrestricted | 30,656,802 | 35,460,415 | 29,950,233 | 42,414,994 |
| Total Governmental Activities Net Position | 747,572,928 | 767,153,777 | 789,385,939 | 809,841,758 |
| Business-Type Activities: | | | | |
| Net Investment in Capital Assets | 228,564 | 184,707 | 146,867 | 155,131 |
| Unrestricted | 2,484,446 | 2,766,947 | 3,678,225 | 4,609,491 |
| Total Business-Type Activities Net Position | 2,713,010 | 2,951,654 | 3,825,092 | 4,764,622 |
| Primary Government: | | | | |
| Net Investment in Capital Assets | 477,885,039 | 532,331,101 | 609,362,777 | 610,666,531 |
| Restricted | 239,259,651 | 199,546,968 | 150,219,796 | 156,915,364 |
| Unrestricted | 33,141,248 | 38,227,362 | 33,628,458 | 47,024,485 |
| Total Primary Government Net Position | <u>\$ 750,285,938</u> | <u>\$ 770,105,431</u> | <u>\$ 793,211,031</u> | <u>\$ 814,606,380</u> |

Note (A) The District implemented GASB 68 for fiscal year ended June 30, 2015.
Fiscal years prior to 2015 have not been restated for implementation of GASB 68.

Source: District records
CAFR - Exhibit A

Table 1

| For the Fiscal Year Ending | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| June 30, 2012 | June 30, 2013 | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 |
| \$ 587,895,355 | \$ 590,932,554 | \$ 599,058,815 | \$ 623,953,695 | \$ 631,191,690 | \$ 680,286,796 |
| 177,850,787 | 172,069,772 | 164,220,978 | 141,051,030 | 140,732,338 | 102,033,724 |
| 29,533,195 | 28,365,685 | 15,313,862 | (183,605,569) | (183,118,232) | (199,267,302) |
| 795,279,337 | 791,368,011 | 778,593,655 | 581,399,156 | 588,805,796 | 583,053,218 |
| 137,748 | 166,337 | 176,128 | 206,739 | 166,042 | 133,420 |
| 5,387,604 | 3,013,904 | 2,209,578 | (751,298) | (131,406) | 148,528 |
| 5,525,352 | 3,180,241 | 2,385,706 | (544,559) | 34,636 | 281,948 |
| 588,033,103 | 591,098,891 | 599,234,943 | 624,160,434 | 631,357,732 | 680,420,216 |
| 177,850,787 | 172,069,772 | 164,220,978 | 141,051,030 | 140,732,338 | 102,033,724 |
| 34,920,799 | 31,379,589 | 17,523,440 | (184,356,867) | (183,249,638) | (199,118,774) |
| \$ 800,804,689 | \$ 794,548,252 | \$ 780,979,361 | \$ 580,854,597 | \$ 588,840,432 | \$ 583,335,166 |

District School Board of Pasco County
Changes in Net Position - Primary Government
Last Ten Fiscal Years
(Unaudited)

| | For the Fiscal Year Ending | | | | | | | | | |
|---|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | \$ 348,572,526 | \$ 351,559,669 | \$ 343,287,586 | \$ 363,757,272 | \$ 334,933,329 | \$ 343,554,241 | \$ 358,768,503 | \$ 362,962,619 | \$ 386,321,690 | \$ 408,448,107 |
| Student Support Services | 30,462,893 | 29,943,982 | 28,127,494 | 27,818,587 | 25,200,500 | 25,331,587 | 25,618,232 | 26,801,838 | 27,878,254 | 30,820,513 |
| Instructional Media Services | 10,360,657 | 8,979,508 | 10,116,970 | 9,838,612 | 7,354,703 | 6,917,067 | 1,906,905 | 2,343,060 | 2,395,795 | 2,271,748 |
| Instruction and Curriculum Development Services | 10,969,233 | 11,411,106 | 15,766,876 | 15,384,400 | 13,400,395 | 11,764,667 | 14,558,446 | 15,800,130 | 16,807,274 | 19,238,370 |
| Instructional Staff Training | 9,810,582 | 8,281,128 | 14,462,129 | 13,936,346 | 10,971,329 | 11,073,276 | 9,426,682 | 7,324,613 | 7,168,371 | 9,608,442 |
| Instruction-Related Technology | 6,342,050 | 6,531,075 | 6,335,019 | 6,147,471 | 4,847,994 | 4,892,506 | 8,425,406 | 6,888,825 | 7,181,975 | 7,983,137 |
| Board | 2,438,957 | 2,717,695 | 3,230,392 | 3,121,338 | 668,918 | 610,730 | 620,416 | 530,109 | 593,665 | 932,028 |
| General Administration | 2,842,753 | 1,805,179 | 3,323,964 | 3,351,534 | 1,259,433 | 1,632,018 | 2,556,141 | 2,407,270 | 3,366,050 | 3,709,541 |
| School Administration | 35,422,367 | 34,476,174 | 36,740,305 | 36,616,082 | 34,008,721 | 34,289,049 | 36,456,573 | 37,661,405 | 39,320,749 | 43,055,596 |
| Facilities Acquisition and Construction | 14,328,177 | 17,033,887 | 15,095,278 | 14,981,752 | 12,736,731 | 14,195,220 | 14,491,329 | 17,381,716 | 22,312,816 | 25,737,667 |
| Fiscal Services | 2,302,729 | 2,419,295 | 2,394,604 | 2,495,234 | 2,199,577 | 2,281,430 | 2,708,890 | 2,792,302 | 2,789,717 | 3,092,802 |
| Food Services | 29,733,446 | 29,605,467 | 31,228,131 | 30,842,650 | 30,476,104 | 31,884,356 | 32,787,091 | 35,477,047 | 39,016,954 | 40,699,866 |
| Central Services | 1,657,766 | 6,455,741 | 7,856,068 | 848,370 | 1,734,199 | 4,024,807 | 6,030,792 | 8,227,505 | 12,010,763 | 2,817,157 |
| Student Transportation Services | 30,352,782 | 28,153,490 | 27,870,375 | 28,495,921 | 27,912,093 | 27,623,111 | 29,162,574 | 29,695,863 | 29,927,606 | 32,940,721 |
| Operation of Plant | 45,807,271 | 43,875,230 | 46,244,124 | 46,454,690 | 46,432,259 | 42,208,748 | 45,192,330 | 42,537,525 | 45,765,410 | 44,284,504 |
| Maintenance of Plant | 13,161,025 | 13,258,894 | 13,349,962 | 12,712,872 | 11,012,852 | 10,903,885 | 11,583,005 | 10,565,620 | 11,374,941 | 12,375,243 |
| Administrative Technology Services | 3,066,415 | 3,229,763 | 3,299,616 | 3,173,777 | 3,084,540 | 3,146,509 | 3,692,101 | 6,047,282 | 9,929,967 | 9,795,116 |
| Community Services | 833,011 | 816,613 | 711,668 | 582,837 | 618,337 | 688,852 | 510,674 | 867,512 | 475,657 | 410,564 |
| Interest on Long-term Liabilities | 23,240,113 | 20,698,823 | 19,193,742 | 18,650,661 | 17,827,097 | 16,680,024 | 24,315,270 | 15,059,988 | 15,510,778 | 16,115,585 |
| Total Government Activities Expenses | 621,704,753 | 621,252,719 | 628,634,303 | 639,210,406 | 586,679,111 | 593,702,083 | 628,811,360 | 631,372,229 | 680,148,432 | 714,336,707 |
| Business-Type Activities: | | | | | | | | | | |
| PLACE Program | 9,517,699 | 8,944,520 | 8,303,091 | 8,039,992 | 7,753,564 | 7,941,510 | 9,155,859 | 9,363,111 | 9,850,333 | 9,853,988 |
| Vending Program | - | - | - | - | - | - | - | 552,755 | 506,375 | 591,061 |
| Total Business-Type Activities Expenses | 9,517,699 | 8,944,520 | 8,303,091 | 8,039,992 | 7,753,564 | 7,941,510 | 9,155,859 | 9,915,866 | 10,356,708 | 10,445,049 |
| Total Primary Government Expenses | \$ 631,222,452 | \$ 630,197,239 | \$ 636,937,394 | \$ 647,250,398 | \$ 594,432,675 | \$ 601,643,593 | \$ 637,967,219 | \$ 641,288,095 | \$ 690,505,140 | \$ 724,781,756 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Instruction | \$ 3,424,682 | \$ 1,645,400 | \$ 3,486,329 | \$ 254,868 | \$ 1,511,101 | \$ 522,095 | \$ 586,263 | \$ 407,780 | \$ 524,903 | \$ 508,294 |
| Food Services | 12,995,845 | 12,998,964 | 12,249,850 | 11,824,461 | 11,697,038 | 11,441,922 | 11,086,807 | 11,033,632 | 11,312,259 | 11,419,572 |
| Student Transportation | 1,054,361 | 859,519 | 820,661 | 1,031,745 | 1,148,279 | 992,215 | 1,060,679 | 1,209,902 | 1,142,417 | 1,210,992 |
| Operating grants and contributions | 32,184,868 | 32,957,214 | 34,949,693 | 35,241,557 | 21,417,728 | 37,633,087 | 38,821,862 | 40,056,713 | 42,499,928 | 44,065,787 |
| Capital grants and contributions | 68,481,567 | 27,380,354 | 10,997,212 | 8,129,586 | 8,198,949 | 9,128,908 | 12,418,525 | 12,852,412 | 14,539,299 | 21,752,287 |
| Total Government Activities Program Revenue | 118,141,323 | 75,841,451 | 62,503,745 | 56,482,217 | 43,973,095 | 59,718,227 | 63,974,136 | 65,560,439 | 70,018,806 | 78,956,932 |

| | For the Fiscal Year Ending | | | | | | | | | |
|--|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 |
| Business-Type Activities: | | | | | | | | | | |
| Charge for Services Provided | 9,320,202 | 9,144,709 | 9,174,266 | 8,975,781 | 8,495,164 | 8,562,722 | 9,360,814 | 9,435,575 | 10,454,332 | 10,510,012 |
| Charge for Sales | - | - | - | - | - | - | - | 554,602 | 527,256 | 567,712 |
| Total Business-Type Activities Revenues | 9,320,202 | 9,144,709 | 9,174,266 | 8,975,781 | 8,495,164 | 8,562,722 | 9,360,814 | 9,990,177 | 10,981,588 | 11,077,724 |
| Total Primary Government Program Revenues | \$ 127,461,525 | \$ 84,986,160 | \$ 71,678,011 | \$ 65,457,998 | \$ 52,468,259 | \$ 68,280,949 | \$ 73,334,950 | \$ 75,550,616 | \$ 81,000,394 | \$ 90,034,656 |
| Net (Expense) Revenues | | | | | | | | | | |
| Government Activities | \$ (503,563,430) | \$ (545,411,268) | \$ (566,130,558) | \$ (582,728,189) | \$ (542,706,016) | \$ (533,983,856) | \$ (564,837,224) | \$ (565,811,790) | \$ (610,129,626) | \$ (635,379,775) |
| Business-Type Activities | 9,320,202 | 200,189 | 871,175 | 935,789 | 741,600 | 621,212 | 204,955 | 74,311 | 624,880 | 632,675 |
| Total Primary Government Net (Expenses)Revenues | \$ (494,243,228) | \$ (545,211,079) | \$ (565,259,383) | \$ (581,792,400) | \$ (541,964,416) | \$ (533,362,644) | \$ (564,632,269) | \$ (565,737,479) | \$ (609,504,746) | \$ (634,747,100) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes: | | | | | | | | | | |
| Levied for general purposes | \$ 159,132,655 | \$ 163,132,311 | \$ 143,328,208 | \$ 137,589,229 | \$ 133,136,587 | \$ 120,318,952 | \$ 121,552,684 | \$ 123,010,141 | \$ 128,319,631 | \$ 129,369,699 |
| Levied for debt services | 5,361,489 | - | 484 | - | - | - | - | - | - | - |
| Levied for capital purposes | 43,207,373 | 42,857,117 | 36,814,096 | 32,903,497 | 32,505,792 | 30,896,444 | 31,131,186 | 32,660,786 | 34,313,082 | 36,291,600 |
| Sales taxes | 27,157,517 | 26,452,520 | 25,671,147 | 25,406,921 | 25,321,574 | 27,490,903 | 28,784,359 | 26,680,307 | 25,738,211 | 26,942,544 |
| Grants and contributions not restricted to Specific Programs | 342,888,614 | 322,280,550 | 359,835,520 | 390,434,709 | 326,929,740 | 338,910,337 | 369,957,624 | 386,425,843 | 404,584,134 | 420,677,690 |
| Transfers | 154,071 | - | - | - | - | 3,000,000 | 1,000,000 | - | 56,634 | 405,273 |
| Miscellaneous | 11,549,775 | 9,890,216 | 17,536,819 | 14,463,706 | 9,702,528 | 8,129,246 | 12,125,787 | 14,454,399 | 22,699,580 | 14,408,081 |
| Unrestricted investment earnings | 10,595,698 | 379,403 | 5,176,446 | 2,385,946 | 547,374 | 1,326,648 | 580,012 | 816,253 | 1,824,994 | 1,532,310 |
| Total Governmental Activities | 600,047,192 | 564,992,117 | 588,362,720 | 603,184,008 | 528,143,595 | 530,072,530 | 565,131,652 | 584,047,729 | 617,536,266 | 629,627,197 |
| Business-Type Activities | | | | | | | | | | |
| Interest | 103,894 | 37,709 | 2,263 | 3,741 | 13,223 | 33,677 | 121 | 20,578 | 10,665 | 19,651 |
| Miscellaneous | - | 746 | - | - | 5,907 | - | 389 | 309 | 284 | 259 |
| Transfers | (154,071) | - | - | - | - | (3,000,000) | (1,000,000) | - | (56,634) | (405,273) |
| Total Business-Type Activities | (50,177) | 38,455 | 2,263 | 3,741 | 19,130 | (2,966,323) | (999,490) | 20,887 | (45,685) | (385,363) |
| Total Primary Government | \$ 599,997,015 | \$ 565,030,572 | \$ 588,364,983 | \$ 603,187,749 | \$ 528,162,725 | \$ 527,106,207 | \$ 564,132,162 | \$ 584,068,616 | \$ 617,490,581 | \$ 629,241,834 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | \$ 96,483,762 | \$ 19,580,849 | \$ 22,232,162 | \$ 20,455,819 | \$ (14,562,421) | \$ (3,911,326) | \$ 294,428 | \$ 18,235,939 | \$ 7,406,640 | \$ (5,752,578) |
| Business-Type activities | (247,674) | 238,644 | 873,438 | 939,530 | 760,730 | (2,345,111) | (794,535) | 95,198 | 579,195 | 247,312 |
| Total Primary Government | \$ 96,236,088 | \$ 19,819,493 | \$ 23,105,600 | \$ 21,395,349 | \$ (13,801,691) | \$ (6,256,437) | \$ (500,107) | \$ 18,331,137 | \$ 7,985,835 | \$ (5,505,266) |

Source: District records - CAFR Exhibit B

District School Board of Pasco County
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Unaudited)

Table 3

| | For the Fiscal Year Ending | | | |
|---|----------------------------|-----------------------|-----------------------|-----------------------|
| | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 |
| General Fund: | | | | |
| Fund Balance: | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ 3,893,982 |
| Restricted | - | - | - | 7,563,258 |
| Assigned | - | - | - | 26,466,857 |
| Unassigned | - | - | - | 22,964,288 |
| Reserved | 24,833,534 | 14,467,726 | 12,185,376 | - |
| Unreserved | 36,087,039 | 32,803,154 | 37,788,339 | - |
| Total General Fund | <u>\$ 60,920,573</u> | <u>\$ 47,270,880</u> | <u>\$ 49,973,715</u> | <u>\$ 60,888,385</u> |
| All Other Governmental Funds | | | | |
| Fund Balance: | | | | |
| Nonspendable | | | | |
| Special Revenue-Food Service | \$ - | \$ - | \$ - | \$ 1,695,810 |
| Capital Projects Other | - | - | - | - |
| Restricted | | | | |
| Special Revenue | - | - | - | 4,383,403 |
| Debt Service | - | - | - | 18,525,444 |
| Capital Projects | - | - | - | 135,332,919 |
| Assigned | | | | |
| Capital Projects | - | - | - | 27,091,944 |
| Reserved | 111,256,904 | 87,804,190 | 32,442,711 | - |
| Unreserved, reported in: | | | | |
| Capital Projects funds | 191,033,956 | 159,097,171 | 144,692,524 | - |
| Debt Service funds | - | - | 13,921,942 | - |
| Special Revenue funds | 1,127,901 | 1,700,634 | 3,665,452 | - |
| Total all other government funds | <u>\$ 303,418,761</u> | <u>\$ 248,601,995</u> | <u>\$ 194,722,629</u> | <u>\$ 187,029,520</u> |

Note: (A) The District implemented GASB 54 for the fiscal year ended June 30, 2011. Fiscal years prior to 2011 have not been restated for implementation of GASB 54.

Source: District records - CAFR Exhibit C

Table 3

| For the Fiscal Year Ending | | | | | |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| June 30, 2012 | June 30, 2013 | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 |
| \$ 4,568,706 | \$ 3,612,982 | \$ 3,444,488 | \$ 3,706,116 | \$ 3,870,506 | \$ 3,437,955 |
| 5,326,016 | 3,124,608 | 6,903,768 | 4,793,446 | 1,393,683 | 4,089,246 |
| 15,673,843 | 17,407,505 | 11,451,799 | 21,418,729 | 25,344,899 | 25,728,404 |
| 22,714,296 | 23,499,528 | 32,983,587 | 26,101,381 | 26,132,916 | 26,708,735 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 48,282,861</u> | <u>\$ 47,644,623</u> | <u>\$ 54,783,642</u> | <u>\$ 56,019,672</u> | <u>\$ 56,742,004</u> | <u>\$ 59,964,340</u> |
| | | | | | |
| \$ 1,380,195 | \$ 1,223,200 | \$ 1,153,542 | \$ 1,238,056 | \$ 1,168,050 | \$ 1,050,871 |
| - | - | - | - | 11,882,999 | 3,831,027 |
| 7,183,864 | 7,100,164 | 8,774,328 | 9,000,902 | 7,892,363 | 6,492,995 |
| 21,389,660 | 17,001,808 | 14,026,067 | 11,958,237 | 13,252,861 | 18,885,182 |
| 110,020,160 | 147,001,633 | 241,878,569 | 211,168,847 | 180,189,182 | 114,240,095 |
| 31,775,584 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 171,749,463</u> | <u>\$ 172,326,805</u> | <u>\$ 265,832,506</u> | <u>\$ 233,366,042</u> | <u>\$ 214,385,455</u> | <u>\$ 144,500,170</u> |

Table 4

District School Board of Pasco County
Changes in Fund Balances - Governmental Funds
And Debt Service Ratios
Last Ten Fiscal Years
(Unaudited)

| | June 30, 2008 | For the Fiscal Year Ending June 30, 2009 | June 30, 2010 | June 30, 2011 |
|--|-----------------------|---|------------------------|---------------------|
| Revenues: | | | | |
| Federal Sources: | | | | |
| Federal Grants | \$ 41,047,707 | \$ 39,525,911 | \$ 79,516,781 | \$ 96,950,923 |
| Food Services | 15,555,805 | 17,236,057 | 19,688,152 | 20,815,526 |
| Total Federal Sources | <u>56,603,512</u> | <u>56,761,968</u> | <u>99,204,933</u> | <u>117,766,449</u> |
| State Sources: | | | | |
| Florida Education Finance Program | 212,672,606 | 195,130,222 | 213,428,570 | 222,031,695 |
| Public Education Capital Outlay | 20,051,633 | 19,148,129 | 1,622,195 | 3,524,056 |
| Food Services | 488,356 | 382,031 | 493,454 | 426,031 |
| State Grants and Other | 145,324,059 | 105,937,551 | 84,614,338 | 85,811,367 |
| Total State Sources | <u>378,536,654</u> | <u>320,597,933</u> | <u>300,158,557</u> | <u>311,793,149</u> |
| Local Sources: | | | | |
| Property Taxes | 216,116,400 | 211,284,811 | 180,142,788 | 170,492,726 |
| Local Sales Taxes | 27,157,517 | 26,452,520 | 25,671,147 | 25,406,921 |
| Food Services | 12,995,845 | 12,998,964 | 12,249,850 | 11,778,792 |
| Investment Earnings | 10,595,698 | 379,403 | 5,176,446 | 2,388,287 |
| Local grants and other | 14,407,476 | 11,409,494 | 20,931,370 | 19,274,584 |
| Total local sources | <u>281,272,936</u> | <u>262,525,192</u> | <u>244,171,601</u> | <u>229,341,310</u> |
| Total Revenues | <u>716,413,102</u> | <u>639,885,093</u> | <u>643,535,091</u> | <u>658,900,908</u> |
| Expenditures: | | | | |
| Current-Education: | | | | |
| Instruction | 322,304,412 | 324,672,253 | 313,051,706 | 325,557,314 |
| Student Support Services | 29,726,490 | 29,528,612 | 28,028,160 | 27,470,406 |
| Instructional Media Services | 9,859,723 | 9,889,155 | 9,787,927 | 9,468,350 |
| Instruction and Curriculum Development Services | 10,507,790 | 10,715,100 | 15,211,665 | 15,299,116 |
| Instructional Staff Training | 9,612,129 | 8,283,841 | 14,045,255 | 13,976,906 |
| Instruction-Related Technology | 6,232,514 | 6,535,854 | 6,270,107 | 6,126,500 |
| Board | 2,324,216 | 2,630,591 | 3,085,096 | 2,980,400 |
| General Administration | 2,767,340 | 2,325,305 | 3,355,050 | 3,317,673 |
| School Administration | 34,253,024 | 34,093,343 | 36,185,408 | 36,404,238 |
| Facilities Services | 7,826,662 | 6,192,119 | 6,532,646 | 6,424,831 |
| Fiscal Services | 2,211,103 | 2,422,560 | 2,316,906 | 2,404,739 |
| Food Services | 29,541,716 | 29,274,591 | 31,001,571 | 30,565,745 |
| Central Services | 7,317,591 | 6,900,844 | 6,326,380 | 6,675,392 |
| Student Transportation Services | 29,248,215 | 26,931,416 | 26,787,809 | 27,697,245 |
| Operation of Plant | 45,123,394 | 43,075,688 | 45,838,612 | 46,183,311 |
| Maintenance of Plant | 12,800,678 | 12,846,399 | 13,167,442 | 12,518,437 |
| Administrative Technology Services | 3,029,555 | 3,118,180 | 3,178,804 | 3,196,306 |
| Community Services | 816,942 | 805,803 | 698,604 | 648,347 |
| Capital Outlay: | | | | |
| Facilities Acquisition and Construction | 143,463,842 | 106,068,134 | 97,667,371 | 37,632,689 |
| Other Capital Outlay | 3,614,880 | 2,176,402 | 2,212,318 | 1,930,515 |
| Debt Service: | | | | |
| Principal | 17,470,000 | 20,115,000 | 20,987,001 | 21,812,001 |
| Interest | 20,787,539 | 19,679,686 | 18,099,076 | 17,440,390 |
| Fiscal Charges | 15,951,113 | 1,174,013 | 1,751,549 | 1,361,160 |
| Total Expenditures | <u>766,790,868</u> | <u>709,454,889</u> | <u>705,586,463</u> | <u>657,092,011</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(50,377,766)</u> | <u>(69,569,796)</u> | <u>(62,051,372)</u> | <u>1,808,897</u> |
| Other Financing Sources (Uses): | | | | |
| Face Value of Bonds Issued | 5,295,000 | - | 1,300,000 | 1,450,000 |
| Face Value of Refunding Bonds | - | - | - | - |
| Premiums on Refunding Bonds | - | - | - | - |
| Premiums on Bonds Issued | 859,010 | - | 130,248 | 117,416 |
| Face Value of Certificates of Participation Issued | 143,605,000 | 1,170,010 | 11,000,000 | - |
| Premiums on Certificates of Participation Issued | - | - | - | - |
| Face Value of Refunding Certificates of Participation | 162,630,000 | - | - | - |
| Capital Leases | - | - | - | - |
| Proceeds from the Sale of Capital Assets | 193,213 | 133,327 | 63,037 | 45,248 |
| Discounts on Refunding Bonds | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | (147,930,000) | - | (1,418,444) | - |
| Transfers In | 114,192,061 | 42,595,724 | 36,990,185 | 45,089,857 |
| Transfers Out | (114,237,990) | (42,795,724) | (37,190,185) | (45,289,857) |
| Total Other Financing Sources (Uses) | <u>164,606,294</u> | <u>1,103,337</u> | <u>10,874,841</u> | <u>1,412,664</u> |
| Net Change in Fund Balances | <u>\$ 114,228,528</u> | <u>\$ (68,466,459)</u> | <u>\$ (51,176,531)</u> | <u>\$ 3,221,561</u> |
| Debt service as a percentage of noncapital expenditures | 6.17% | 6.62% | 6.45% | 6.36% |

Table 4

| June 30, 2012 | June 30, 2013 | For the Fiscal Year Ending | | June 30, 2016 | June 30, 2017 |
|-----------------|---------------|----------------------------|-----------------|-----------------|-----------------|
| | | June 30, 2014 | June 30, 2015 | | |
| \$ 42,340,203 | \$ 42,541,633 | \$ 46,178,627 | \$ 48,913,244 | \$ 48,742,547 | \$ 49,107,569 |
| 20,980,131 | 22,141,725 | 23,319,438 | 24,565,522 | 26,319,045 | 27,798,916 |
| 63,320,334 | 64,683,358 | 69,498,065 | 73,478,766 | 75,061,592 | 76,906,485 |
| 204,656,075 | 229,215,516 | 256,270,767 | 268,469,393 | 284,094,218 | 298,842,427 |
| 703,197 | 666,291 | 1,002,216 | 796,597 | 2,445,259 | 3,384,042 |
| 437,597 | 419,874 | 424,778 | 414,356 | 395,520 | 377,682 |
| 82,611,163 | 84,676,064 | 85,291,068 | 86,841,606 | 90,418,539 | 91,562,941 |
| 288,408,032 | 314,977,745 | 342,988,829 | 356,521,952 | 377,353,536 | 394,167,092 |
| 165,642,379 | 151,215,396 | 152,683,870 | 155,670,927 | 162,632,713 | 165,661,299 |
| 25,321,574 | 27,490,903 | 28,784,359 | 26,680,307 | 25,738,211 | 26,942,544 |
| 11,650,985 | 11,441,922 | 11,028,315 | 10,532,753 | 10,571,030 | 10,477,201 |
| 590,385 | 1,267,749 | 580,012 | 816,254 | 1,824,994 | 625,270 |
| 16,094,030 | 15,445,937 | 21,704,165 | 24,544,524 | 33,517,381 | 32,254,391 |
| 219,299,353 | 206,861,907 | 214,780,721 | 218,244,765 | 234,284,329 | 235,960,705 |
| 571,027,719 | 586,523,010 | 627,267,615 | 648,245,483 | 686,699,457 | 707,034,282 |
| 296,241,293 | 299,761,436 | 314,892,649 | 333,028,297 | 348,822,641 | 355,842,835 |
| 24,952,342 | 25,031,281 | 25,231,533 | 26,612,973 | 28,063,110 | 29,598,411 |
| 7,142,745 | 6,763,983 | 2,314,127 | 2,621,203 | 2,666,744 | 2,479,436 |
| 13,293,905 | 11,701,933 | 14,274,568 | 15,640,068 | 16,304,718 | 18,098,354 |
| 10,844,460 | 10,981,833 | 9,767,487 | 7,396,496 | 7,890,300 | 9,637,889 |
| 4,799,806 | 4,864,701 | 8,298,947 | 6,742,355 | 7,202,055 | 7,454,425 |
| 487,161 | 468,772 | 469,656 | 500,228 | 501,973 | 659,516 |
| 1,226,250 | 1,512,137 | 2,535,795 | 2,357,187 | 3,173,955 | 3,718,363 |
| 33,210,176 | 33,759,267 | 35,391,965 | 36,925,142 | 38,335,496 | 39,484,674 |
| 4,028,151 | 4,833,626 | 4,550,999 | 5,708,614 | 7,779,022 | 4,654,495 |
| 2,114,358 | 2,228,720 | 2,563,383 | 2,774,726 | 2,782,547 | 2,994,927 |
| 30,189,633 | 31,598,711 | 32,469,486 | 35,249,881 | 38,602,742 | 39,648,115 |
| 5,903,365 | 5,643,763 | 6,490,365 | 7,760,284 | 7,710,236 | 7,630,842 |
| 27,217,617 | 27,052,856 | 28,396,338 | 29,405,350 | 29,452,611 | 31,296,318 |
| 46,025,891 | 41,856,266 | 44,337,010 | 42,452,205 | 45,519,558 | 42,785,163 |
| 10,877,222 | 10,586,881 | 11,342,028 | 10,536,743 | 11,004,569 | 11,563,187 |
| 3,030,764 | 3,118,929 | 3,601,933 | 5,988,463 | 9,330,449 | 9,099,520 |
| 622,397 | 667,873 | 533,017 | 856,821 | 434,922 | 416,265 |
| 35,571,766 | 28,043,055 | 42,671,034 | 78,196,590 | 131,094,037 | 124,023,320 |
| 907,144 | 1,334,131 | 1,692,110 | 3,611,166 | 1,388,704 | 1,338,599 |
| 22,527,001 | 23,557,001 | 24,607,001 | 21,324,001 | 24,451,976 | 29,452,032 |
| 17,133,664 | 16,110,854 | 25,426,070 | 15,980,740 | 16,400,738 | 18,002,773 |
| 721,224 | 660,328 | 2,251,649 | 706,254 | 643,131 | 334,264 |
| 599,068,335 | 592,138,337 | 644,109,150 | 692,375,787 | \$779,556,234 | \$790,213,723 |
| (28,040,616) | (5,615,327) | (16,841,535) | (44,130,304) | (92,856,777) | (83,179,441) |
| 1,710,000 | - | 96,715,000 | - | 30,075,000 | - |
| - | - | 1,724,000 | 2,411,000 | - | 3,288,000 |
| - | - | 272,637 | 174,776 | - | 501,636 |
| 226,415 | - | 16,459,978 | 7,814,270 | - | - |
| - | - | - | 13,655,000 | 25,995,000 | - |
| - | - | - | - | 4,398,965 | - |
| - | - | 151,696,458 | 44,145,000 | - | - |
| - | - | - | - | 13,771,923 | 10,410,158 |
| 154,466 | 8,346 | 6,651 | 100,000 | 116,000 | 1,726,425 |
| - | - | (186,756) | - | - | - |
| (1,931,399) | - | (150,186,713) | (55,585,176) | - | - |
| 58,144,210 | 42,070,126 | 51,152,626 | 38,549,554 | 41,839,953 | 50,421,041 |
| (58,148,657) | (36,524,041) | (50,167,626) | (38,364,554) | (41,598,319) | (49,830,768) |
| 155,035 | 5,554,431 | 117,486,255 | 12,899,870 | 74,598,522 | 16,516,492 |
| \$ (27,885,581) | \$ (60,896) | \$ 100,644,720 | \$ (31,230,434) | \$ (18,258,255) | \$ (66,662,949) |
| 7.05% | 7.05% | 8.34% | 6.11% | 6.31% | 7.14% |

Table 5

District School Board of Pasco County
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)
(Unaudited)

| Fiscal Year | Estimated Actual Value (1) | | Exemptions (2) | | Taxable Assessed Value | | | | (4) Assessed Value as a Percentage of Estimated Actual Value | (5) Total Direct Tax Rate |
|-------------|----------------------------|-------------------|----------------|-------------------|------------------------|-------------------|------------------------------|---------------|---|------------------------------|
| | Real Property | Personal Property | Real Property | Personal Property | Real Property | Personal Property | Centrally (3) Assessed Value | Total | | |
| 2017 | \$ 29,067,345 | \$ 3,032,422 | \$ 5,641,534 | \$ 1,205,663 | \$ 23,425,811 | \$ 1,826,759 | \$ 16,520 | \$ 25,269,090 | 78.68% | 6.78 |
| 2016 | 27,320,145 | 2,914,474 | 5,409,988 | 1,206,661 | 21,910,157 | 1,707,813 | 15,499 | 23,633,469 | 78.13% | 7.11 |
| 2015 | 26,247,234 | 2,846,669 | 5,377,106 | 1,209,922 | 20,870,128 | 1,636,747 | 15,296 | 22,522,171 | 77.37% | 7.34 |
| 2014 | 25,234,228 | 2,819,116 | 5,392,933 | 1,215,988 | 19,841,295 | 1,603,128 | 14,769 | 21,459,192 | 76.45% | 7.34 |
| 2013 | 24,978,580 | 2,876,461 | 5,389,039 | 1,203,332 | 19,589,541 | 1,673,129 | 14,013 | 21,276,683 | 76.35% | 6.86 |
| 2012 | 28,013,760 | 3,039,322 | 7,278,503 | 1,322,493 | 20,735,257 | 1,716,829 | 14,073 | 22,466,159 | 72.31% | 6.37 |
| 2011 | 29,126,608 | 3,111,656 | 7,962,504 | 1,342,488 | 21,164,104 | 1,769,168 | 12,413 | 22,945,685 | 71.15% | 6.37 |
| 2010 | 32,681,664 | 3,238,561 | 11,481,883 | 1,324,084 | 21,199,781 | 1,914,477 | 13,209 | 23,127,467 | 64.36% | 6.37 |
| 2009 | 39,790,826 | 3,474,265 | 12,525,774 | 1,324,268 | 27,265,052 | 2,149,997 | 12,816 | 29,427,865 | 68.00% | 5.43 |
| 2008 | 42,731,681 | 3,026,634 | 15,219,773 | 847,859 | 27,511,908 | 2,178,775 | 3,678 | 29,694,361 | 64.89% | 5.43 |

- (1) Section 192.00(2), Florida Statutes, defines assessed value of property as "an annual determination of the just or fair market value of an item or property. . .". Consequently, estimated actual value, above, is assessed value before exemptions. Pasco County Property Appraiser's Office.
- (2) Chapter 196, Florida Statutes, grants various exemptions for qualifying historic, economic development, governmental, and institutional property, the latter including charitable, religious, scientific, literary and educational property. Exemptions are also granted for residential property for widows/widowers, disabled/blind, homestead exemption (\$25,000), additional homestead exemption (age 65 or older, \$25,000), and homestead differential (just value minus a capped value).
- (3) Property, such as railroad property, for which valuation is provided to the Property Appraiser by the Florida Department of Revenue [see Section 193.085(4), Florida Statutes].
- (4) Centrally Assessed Property has been added to the total estimated actual value of Real and Personal Property when computing this percentage.
- (5) Total Tax Levy (Pasco County CAFR) to Total Taxable Assessed Value (above). Tax rates are per \$1,000 of assessed value.

Source: Pasco County Property Appraiser

District School Board of Pasco County
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Unaudited)

Table 6

| Fiscal Year | Property Tax | | | Sales Tax | Total |
|----------------|---------------------|---------------------|---------------------|---------------|-------------|
| | General Purposes | Debt Service (1) | Capital Projects | | |
| 2017 | \$ 129,368,717 | \$ - | \$ 36,199,530 | \$ 26,942,544 | 192,510,791 |
| 2016 | 128,319,631 | - | 34,313,082 | 25,738,211 | 188,370,924 |
| 2015 | 123,010,141 | - | 32,660,786 | 26,680,307 | 182,351,234 |
| 2014 | 121,552,684 | - | 31,131,186 | 28,784,359 | 181,468,229 |
| 2013 | 120,318,952 | - | 30,896,444 | 27,490,903 | 178,706,299 |
| 2012 | 133,136,587 | - | 32,505,792 | 25,321,574 | 190,963,953 |
| 2011 | 137,589,229 | - | 32,903,497 | 25,406,921 | 195,899,647 |
| 2010 | 143,328,208 | 484 | 36,814,096 | 25,671,147 | 205,813,935 |
| 2009 | 163,132,311 | - | 42,857,117 | 26,452,520 | 232,441,948 |
| 2008 | 159,132,655 | 5,361,489 | 43,207,373 | 27,157,517 | 234,859,034 |

(1) The voter approved property tax for debt service has ended; any debt service revenues collected after the 2007-2008 fiscal year represent delinquent collections. The final debt service payment was made in the 2007-2008 fiscal year.

Source: District Records

**District School Board of Pasco County
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Table 7

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount (A) | Percentage of Levy | | Amount (A) | Percentage of Levy |
| 2017 | \$ 171,248,625 | \$ 165,568,248 | 96.7% | \$ - | 165,568,248 | 96.7% |
| 2016 | 168,011,731 | 162,533,528 | 96.7% | 93,052 | 162,626,580 | 96.8% |
| 2015 | 160,986,519 | 155,605,008 | 96.7% | 159,639 | 155,764,647 | 96.8% |
| 2014 | 157,875,272 | 152,490,829 | 96.6% | 161,858 | 152,652,687 | 96.7% |
| 2013 | 156,192,206 | 151,072,442 | 96.7% | 142,954 | 151,215,396 | 96.8% |
| 2012 | 171,750,509 | 165,642,379 | 96.4% | 554,161 | 166,196,540 | 96.8% |
| 2011 | 178,353,964 | 170,468,487 | 95.6% | 24,239 | 170,492,726 | 95.6% |
| 2010 | 186,767,020 | 180,089,871 | 96.4% | 52,917 | 180,142,788 | 96.5% |
| 2009 | 212,147,737 | 205,271,904 | 96.8% | 717,524 | 205,989,428 | 97.1% |
| 2008 | 214,038,792 | 207,240,160 | 96.8% | 461,357 | 207,701,517 | 97.0% |

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if the taxes are paid in November, with the discount declining by one percent (1%) each month thereafter. Accordingly, taxes collected usually will not 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 no later than June 1st of each year.

(A) Net of allowable discounts

Sources: District records

District School Board of Pasco County
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(per \$1,000 assessed valuation)
(Unaudited)

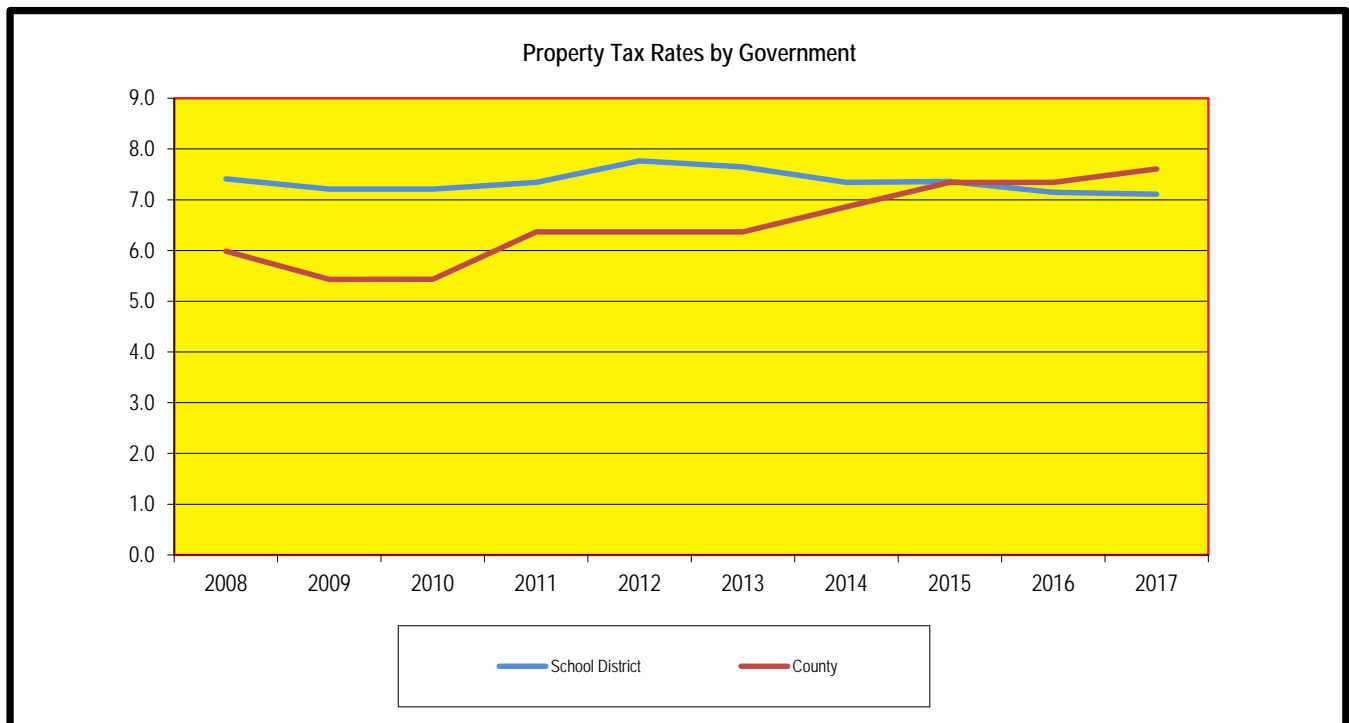
| Fiscal Year | Local Required Effort Millage (3) | Discretionary Local Millage | Supplemental Discretionary Millage (1) | Capital Improvement Millage | Debt Service Millage (2) | Total Pasco Schools | Pasco County |
|-------------|-----------------------------------|-----------------------------|--|-----------------------------|--------------------------|---------------------|--------------|
| 2017 | 4.529 | 0.748 | 0.000 | 1.500 | 0.000 | 6.777 | 7.608 |
| 2016 | 4.861 | 0.748 | 0.000 | 1.500 | 0.000 | 7.109 | 7.608 |
| 2015 | 4.901 | 0.748 | 0.000 | 1.500 | 0.000 | 7.149 | 7.344 |
| 2014 | 5.109 | 0.748 | 0.000 | 1.500 | 0.000 | 7.357 | 7.344 |
| 2013 | 5.093 | 0.748 | 0.000 | 1.500 | 0.000 | 7.341 | 6.862 |
| 2012 | 5.396 | 0.748 | 0.000 | 1.500 | 0.000 | 7.644 | 6.367 |
| 2011 | 5.519 | 0.748 | 0.000 | 1.500 | 0.000 | 7.767 | 6.367 |
| 2010 | 5.092 | 0.748 | 0.000 | 1.500 | 0.000 | 7.340 | 6.367 |
| 2009 | 4.969 | 0.498 | 0.241 | 1.500 | 0.000 | 7.208 | 5.433 |
| 2008 | 4.781 | 0.510 | 0.231 | 1.500 | 0.186 | 7.208 | 5.433 |

(1) For the 2009-2010 fiscal year and thereafter, the State of Florida combined the Supplemental Discretionary and Discretionary Local Millage into one Millage rate.

(2) The voter approved Debt Service Millage expired with the 2007-2008 fiscal year.

(3) Local Required Effort Millage for the 2010-2011 fiscal year includes the millage of .250 for Critical Need.

Source: Pasco County website - www.pascocountyfl.net/menu/oindex.htm



District School Board of Pasco County
Principal Property Taxpayers
Current and Nine Years Ago
(Unaudited)

Table 9

| Taxpayer | Rank | 2017 | | Rank | 2008 | |
|--|------|----------------------------|------------------------------------|------|----------------------------|------------------------------------|
| | | Taxable Assessed Valuation | Percentage of Total Assessed Value | | Taxable Assessed Valuation | Percentage of Total Assessed Value |
| Duke Energy Center (Florida Power Corporation) | 1 | \$ 454,851,419 | 1.84% | | | |
| Withlacoochee River Electric Cooperative | 2 | 253,388,475 | 1.02% | 3 | 204,715,130 | 0.54% |
| HCA Health Services of Florida | 3 | 175,841,610 | 0.71% | 7 | 78,991,615 | 0.21% |
| Frontier Communications Inc. (1) | 4 | 112,299,525 | 0.45% | 1 | 425,957,813 | 1.13% |
| Tampa Premium Outlets | 5 | 104,117,823 | 0.42% | | | |
| FL Gas Transmission Company | 6 | 81,282,081 | 0.32% | | | |
| Wal-Mart Stores | 7 | 80,597,868 | 0.32% | 6 | 80,264,450 | 0.21% |
| Goodforest LLC | 8 | 77,282,435 | 0.30% | | | |
| Brighthouse Networks | 9 | 75,807,544 | 0.31% | 5 | 106,954,371 | 0.28% |
| Tampa Electric Company | 10 | 70,546,724 | 0.28% | | | |
| Zephyrhills Bottle Water America, Inc. | | | | 8 | 67,564,940 | 0.18% |
| Gulf View Associates | | | | 10 | 48,925,930 | 0.13% |
| Target Corporation | | | | 9 | 51,116,984 | 0.13% |
| Florida Power Corp. | | | | 2 | 291,049,848 | 0.77% |
| Shady Hills Power Company LLC | | | | 4 | 149,318,609 | 0.39% |
| Total | | <u>\$ 1,486,015,504</u> | <u>5.97%</u> | | <u>\$ 1,504,859,690</u> | <u>3.97%</u> |

(1) Formerly Verizon Communications Inc.

Source: Pasco County Property Appraiser

District School Board of Pasco County
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Governmental Activities | | | | | | | | Estimated Population | Per Capita | Personal Income (thousands of dollars) | Ratio of Outstanding Debt To Personal Income (1) |
|----------------|--------------------------------------|------------------------------|--------------------------------|-------------------------------|-------------------------------------|-----------------|-------------------|--------------------------------|-------------------------|---------------|---|---|
| | State Board of Education Bonds | District Revenue Bonds | General Obligation Bonds | Sales Tax Revenue Bonds | Certificates of Participation | Note Payable | Capital Leases | Total Primary Government | | | | |
| 2017 | \$ 8,497,480 | \$ 2,442,819 | \$ - | \$ 115,368,138 | \$ 354,936,552 | \$ - | \$ 17,316,666 | 498,561,655 | 512,368 | 973 | N/A | N/A |
| 2016 | 9,887,266 | 2,545,807 | - | 127,361,057 | 369,048,086 | - | 11,487,471 | 520,329,687 | 497,909 | 1,045 | 18,017,635 | 29 |
| 2015 | 12,068,756 | 2,643,796 | - | 106,873,977 | 351,603,807 | - | - | 473,190,336 | 485,331 | 975 | 16,478,279 | 29 |
| 2014 | 13,770,270 | 2,736,785 | - | 122,299,509 | 340,136,322 | - | - | 478,942,886 | 475,502 | 1,007 | 15,679,803 | 31 |
| 2013 | 15,498,519 | 2,829,773 | - | 27,254,033 | 342,845,923 | - | - | 388,428,248 | 470,391 | 826 | 15,735,511 | 25 |
| 2012 | 18,633,288 | 2,917,763 | - | 40,030,452 | 352,547,848 | - | - | 414,129,351 | 466,457 | 888 | 14,974,427 | 28 |
| 2011 | 18,748,406 | 3,005,751 | - | 52,221,872 | 361,874,773 | - | - | 435,850,802 | 464,697 | 938 | 13,790,695 | 32 |
| 2010 | 18,687,776 | 3,088,157 | - | 63,858,291 | 371,141,698 | - | - | 456,775,922 | 471,709 | 968 | 13,635,875 | 33 |
| 2009 | 20,078,502 | 3,170,563 | - | 75,064,711 | 369,093,623 | - | - | 467,407,399 | 439,702 | 1,063 | 12,750,465 | 37 |
| 2008 | 21,412,537 | 3,247,970 | - | 85,861,130 | 376,523,536 | - | - | 487,045,173 | 438,668 | 1,110 | 12,750,465 | 38 |

Note: Details regarding the District's outstanding debt can be found in the notes to financial statements
N/A = Data not currently available
(1) Ratio per thousand dollars of personal income

Source: District records
Pasco County Government
US Census Bureau: <http://quickfacts.census.gov/qfd/states/12/12101.html>

District School Board of Pasco County
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Table 11

| Fiscal Year | Estimated Population (1) | Net Taxable Assessed Value (2) | Gross Bonded Debt (3) | Less Debt Service Funds (4) | Net Bonded Debt | Ratio of Net General Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|-------------|--------------------------|--------------------------------|-----------------------|-----------------------------|-----------------|--|----------------------------|
| 2017 | 512,368 | 25,269,090 | - | - | - | 0.00% | - |
| 2016 | 497,909 | 23,633,469 | - | - | - | 0.00% | - |
| 2015 | 485,331 | 22,522,171 | - | - | - | 0.00% | - |
| 2014 | 475,502 | 21,459,192 | - | - | - | 0.00% | - |
| 2013 | 470,391 | 21,276,683 | - | - | - | 0.00% | - |
| 2012 | 466,457 | 22,466,159 | - | - | - | 0.00% | - |
| 2011 | 464,697 | 22,963,002 | - | - | - | 0.00% | - |
| 2010 | 471,709 | 25,445,098 | - | - | - | 0.00% | - |
| 2009 | 439,702 | 29,432,261 | - | - | - | 0.00% | - |
| 2008 | 438,668 | 29,694,616 | - | - | - | 0.00% | - |

(1) 2010 Population estimate was obtained from the United States Census Bureau.

(2) Net Taxable Assessed Values are expressed in thousands.

(3) Includes General Obligation Bonds only.

(4) Reserved for Debt Service - General Obligation Bonds only.

Note: Details regarding the District's outstanding debt can be found in the notes to financial statements.

Source: District records

District School Board of Pasco County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
(Unaudited)

Table 12

| Jurisdiction | Net Debt Outstanding | Percentage Applicable to this Governmental Unit | Amount Applicable to this Governmental Unit |
|---|----------------------------|--|--|
| Pasco County Board of County Commissioners Overlapping Debt | \$ 77,596,000 | 0% | \$ - |
| District School Board of Pasco County Direct Debt | 498,561,655 | 100% | 498,561,655 |
| Totals | <u>\$ 576,157,655</u> | | <u>\$ 498,561,655</u> |

Note: 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 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
Pasco County CAFR, September 30, 2016

District School Board of Pasco County
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

Table 13

| | June 30, 2008 | For the Fiscal Year Ending June 30, 2009 | June 30, 2010 | June 30, 2011 |
|--|-------------------------|---|-------------------------|-------------------------|
| Assessed Valuation | \$ 29,694,362,126 | \$ 29,432,260,894 | \$ 25,445,098,119 | \$ 22,963,002,249 |
| Debt Limit | \$ 2,969,436,213 | \$ 2,943,226,089 | \$ 2,544,509,812 | \$ 2,296,300,225 |
| Less: Net Debt applicable to the limit | 487,045,173 | 467,407,399 | 456,775,922 | 435,850,802 |
| Legal debt margin | <u>\$ 2,482,391,040</u> | <u>\$ 2,475,818,690</u> | <u>\$ 2,087,733,890</u> | <u>\$ 1,860,449,423</u> |
| Total net debt applicable to the limit as a percentage of debt | 16.40% | 15.88% | 17.95% | 18.98% |

Note:

This schedule was previously presented as a requirement of Rule 6A-1.037(2) State Board of Education, Florida Administration Code, which established a legal debt limit of 10 percent of the assessed valuation of the District. Rule 6A-1.037 was repealed in March 2006; however, Management believes this information may still be of value to users.

Source: District Records
Pasco Property Appraisers Office

Table 13

| June 30, 2012 | June 30, 2013 | For the Fiscal Year Ending | | June 30, 2016 | June 30, 2017 |
|-------------------|-------------------|----------------------------|-------------------|-------------------|-------------------|
| | | June 30, 2014 | June 30, 2015 | | |
| \$ 22,466,159,275 | \$ 21,276,683,168 | \$ 21,459,191,534 | \$ 22,522,171,880 | \$ 23,633,468,723 | \$ 25,269,090,310 |
| \$ 2,246,615,928 | \$ 2,127,668,317 | \$ 2,145,919,153 | \$ 2,252,217,188 | \$ 2,363,346,872 | \$ 2,526,909,031 |
| 414,129,351 | 388,428,248 | 478,942,886 | 473,190,336 | 520,329,687 | 498,561,655 |
| \$ 1,832,486,577 | \$ 1,739,240,069 | \$ 1,666,976,267 | \$ 1,779,026,852 | \$ 1,843,017,185 | \$ 2,028,347,376 |
| 18.43% | 18.26% | 22.32% | 21.01% | 22.02% | 19.73% |

District School Board of Pasco County
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Table 14

| Fiscal Year | Local Sales Tax Revenue | Debt Service | | | Coverage Ratio |
|----------------|-------------------------------|---------------|--------------|---------------|-------------------|
| | | Principal | Interest | Total | |
| 2017 | \$ 26,942,544 | \$ 10,430,000 | \$ 4,587,820 | \$ 15,017,820 | 1.79 |
| 2016 | 25,738,211 | 8,025,000 | 4,358,318 | \$ 12,383,318 | 2.08 |
| 2015 | 26,680,307 | 13,525,000 | 5,051,869 | \$ 18,576,869 | 1.44 |
| 2014 | 28,784,359 | 12,885,000 | 2,140,898 | \$ 15,025,898 | 1.92 |
| 2013 | 27,490,903 | 12,270,000 | 1,627,250 | \$ 13,897,250 | 1.98 |
| 2012 | 25,321,574 | 11,685,000 | 2,226,125 | \$ 13,911,125 | 1.82 |
| 2011 | 25,406,921 | 11,130,000 | 6,003,289 | \$ 17,133,289 | 1.48 |
| 2010 | 25,671,147 | 10,700,000 | 3,288,750 | \$ 13,988,750 | 1.84 |
| 2009 | 26,452,520 | 10,290,000 | 3,914,350 | \$ 14,204,350 | 1.86 |
| 2008 | 27,157,517 | 6,105,000 | 2,529,785 | \$ 8,634,785 | 3.15 |

Sources: District records

District School Board of Pasco County
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Table 15

| Fiscal Year | Estimated Population (1) | Personal Income (thousands of dollars) (5) | Per Capita Personal Income (4) | Unemployment Rate (2) | Student Membership (3) |
|-------------|--------------------------|---|--------------------------------|-----------------------|------------------------|
| 2017 | 512,368 | N/A | N/A | 6.5% | 72,493 |
| 2016 | 497,909 | \$ 18,017,635 | \$ 36,187 | 5.3% | 70,521 |
| 2015 | 485,331 | 16,478,279 | 33,953 | 6.1% | 69,302 |
| 2014 | 475,502 | 15,679,803 | 32,975 | 8.1% | 67,230 |
| 2013 | 470,391 | 15,735,511 | 33,452 | 9.9% | 66,417 |
| 2012 | 466,457 | 14,974,427 | 32,102 | 9.0% | 65,976 |
| 2011 | 464,697 | 13,790,695 | 29,236 | 11.7% | 66,162 |
| 2010 | 437,500 | 13,635,875 | 29,113 | 13.2% | 66,207 |
| 2009 | 439,702 | 12,750,465 | 27,628 | 12.5% | 66,190 |
| 2008 | 438,668 | 12,750,465 | 29,066 | 8.1% | 66,313 |

N/A = Data not currently available

Source: (1) US Census Bureau
(2) US Bureau of Labor Statistics
(3) District records
(4) Pasco County Government
(5) FL Office of Economic and Demographic Research

District School Board of Pasco County
Principal Employers in Pasco County
Current and Nine Years Ago
(Unaudited)

Table 16

| <u>Employer</u> | 2017 | | | 2008 | | |
|--|-------------|------------------|--|-------------|------------------|--|
| | <u>Rank</u> | <u>Employees</u> | <u>Percentage of Total County Employment</u> | <u>Rank</u> | <u>Employees</u> | <u>Percentage of Total County Employment</u> |
| District School Board of Pasco County | 1 | 10,728 | 5.13% | 1 | 9,210 | 4.97% |
| Pasco County Government | 2 | 3,851 | 1.84% | 2 | 2,320 | 1.25% |
| HCA Health Services of Florida | 3 | 2,825 | 1.35% | 7 | 1,000 | 0.54% |
| Florida Medical Clinic | 4 | 1,710 | 0.82% | | | |
| Medical Center of Trinity | 5 | 1,400 | 0.67% | | | |
| Pasco County Sheriff | 6 | 1,245 | 0.60% | 4 | 1,207 | 0.65% |
| State of Florida Government | 7 | 1,215 | 0.58% | 3 | 1,299 | 0.70% |
| Morton Plant North Bay Hosp./Recovery Center | 8 | 1,051 | 0.50% | | | |
| Florida Hospital Wesley Chapel | 9 | 1,050 | 0.50% | | | |
| Florida Hospital Zephyrhills | 10 | 962 | 0.46% | 10 | 708 | 0.38% |
| Wal-Mart Stores | | | | 5 | 1,100 | 0.59% |
| Community Hospital of New Port Richey | | | | 6 | 1,050 | 0.57% |
| Saddlebrook Resort | | | | 9 | 720 | 0.39% |
| Regional Medical Center Bayonet Point | | | | 8 | 976 | 0.53% |
| Total | | <u>26,037</u> | <u>12.46%</u> | | <u>19,590</u> | <u>10.57%</u> |

Source: Pasco Economic Development Council
District School Board of Pasco County 2008 CAFR

District School Board of Pasco County
Number of Personnel
Last Ten Fiscal Years
(Unaudited)

Table 17

| Fiscal Year | Instructional | Administrative | Other Support Personnel | Total | Ratio of Instructional and Administrative Personnel to Students |
|----------------|---------------|----------------|-------------------------------|--------|--|
| 2017 | 5,427 | 332 | 4,315 | 10,074 | 12.77 |
| 2016 | 5,275 | 318 | 4,315 | 9,908 | 12.81 |
| 2015 | 5,205 | 307 | 4,201 | 9,713 | 12.57 |
| 2014 | 5,094 | 297 | 3,971 | 9,362 | 12.47 |
| 2013 | 5,179 | 294 | 3,597 | 9,070 | 12.14 |
| 2012 | 5,268 | 287 | 3,841 | 9,396 | 11.88 |
| 2011 | 5,412 | 314 | 4,085 | 9,811 | 11.55 |
| 2010 | 5,133 | 340 | 3,970 | 9,783 | 12.10 |
| 2009 | 6,261 | 329 | 4,310 | 9,210 | 10.04 |
| 2008 | 6,045 | 324 | 2,620 | 8,675 | 10.41 |

Source: FL DOE EIAS Publications
District records

District School Board of Pasco County
Teacher Base Salaries
Last Ten Fiscal Years
(Unaudited)

Table 18

| <u>Fiscal Year</u> | | <u>Minimum Salary (1)</u> | | <u>Maximum Salary (1)</u> | | <u>County Average Salary (2)</u> | | <u>Statewide Average Salary (2)</u> |
|------------------------|----|-------------------------------|----|-------------------------------|----|--|----|---|
| 2017 | \$ | 38,650 | \$ | 63,090 | \$ | 42,317 | \$ | 47,858 |
| 2016 | | 38,120 | | 62,560 | | 43,117 | | 48,179 |
| 2015 | | 37,560 | | 62,000 | | 43,555 | | 47,950 |
| 2014 | | 37,000 | | 64,440 | | 41,824 | | 46,583 |
| 2013 | | 36,420 | | 63,870 | | 42,595 | | 46,479 |
| 2012 | | 36,420 | | 63,870 | | 42,710 | | 45,723 |
| 2011 | | 36,420 | | 63,870 | | 42,710 | | 46,089 |
| 2010 | | 36,420 | | 63,870 | | 42,850 | | 46,938 |
| 2009 | | 36,420 | | 63,870 | | 43,901 | | 46,655 |
| 2008 | | 36,420 | | 63,870 | | 45,211 | | 45,296 |

Source: (1) District Records
(2) Florida Department of Education

District School Board of Pasco County
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Table 19

| <u>Fiscal Year</u> | <u>Average Daily Membership</u> | <u>Operating Expenditures (1)</u> | <u>Cost per Student</u> | <u>Percentage Change</u> | <u>Instructional Staff</u> | <u>Student Teacher Ratio</u> | <u>Percentage of Students Receiving Free or Reduced-Price Meals</u> |
|--------------------|---------------------------------|-----------------------------------|-------------------------|--------------------------|----------------------------|------------------------------|---|
| 2017 | 73,570 | \$ 532,588,202 | 7,239 | -0.16% | 5,427 | 13.56 | 55.22% |
| 2016 | 71,658 | 519,575,424 | 7,251 | 1.37% | 5,275 | 13.58 | 56.13% |
| 2015 | 69,302 | 495,701,633 | 7,153 | 2.34% | 5,205 | 13.31 | 56.36% |
| 2014 | 67,230 | 469,876,446 | 6,989 | 3.23% | 5,094 | 13.20 | 55.53% |
| 2013 | 66,417 | 449,649,188 | 6,770 | -1.03% | 5,179 | 12.82 | 55.00% |
| 2012 | 65,976 | 451,316,247 | 6,841 | 0.43% | 5,268 | 12.52 | 57.28% |
| 2011 | 66,162 | 450,668,927 | 6,812 | -0.93% | 5,412 | 12.23 | 52.14% |
| 2010 | 66,207 | 455,202,664 | 6,875 | -7.53% | 5,133 | 12.90 | 48.78% |
| 2009 | 66,190 | 492,124,221 | 7,435 | -0.34% | 6,261 | 10.57 | 44.85% |
| 2008 | 66,313 | 494,727,086 | 7,460 | 5.68% | 6,045 | 10.97 | 44.36% |

(1) Operating expenditures include only General Fund expenditures.

Source: District records

District School Board of Pasco County
School Building Information
Last Ten Fiscal Years
(Unaudited)

Table 20

| | Place in Service (a) | Square Footage (b) | Portables | Capacity (Students) | Full-Time Equivalent | | |
|--------------------------|-------------------------|-----------------------|-----------|------------------------|----------------------|-----------|-----------|
| | | | | | Enrollment Data | | |
| | | | | | 2007-2008 | 2008-2009 | 2009-2010 |
| Elementary Schools | | | | | | | |
| Anclole | 1973 | 64,909 | 4 | 481 | 585.62 | 568.08 | 574.60 |
| Calusa | 1979 | 75,551 | 4 | 657 | 682.42 | 632.04 | 581.83 |
| Centennial | 1986 | 87,837 | 4 | 687 | 689.60 | 697.81 | 653.01 |
| Chasco | 2000 | 104,734 | 7 | 624 | 704.37 | 652.34 | 662.78 |
| Chester W. Taylor | 1996 | 96,454 | 12 | 536 | 827.22 | 599.12 | 611.35 |
| Connerton | 2010 | 118,741 | - | 762 | - | - | - |
| Cotee River | 1993 | 122,295 | 1 | 751 | 721.32 | 657.12 | 619.73 |
| Cypress | 1973 | 70,663 | 12 | 708 | 904.72 | 889.03 | 831.56 |
| Deer Park | 1988 | 78,637 | 7 | 615 | 632.70 | 648.37 | 677.73 |
| Denham Oaks | 1994 | 130,212 | 4 | 870 | 868.77 | 872.12 | 846.44 |
| Double Branch | 2008 | 105,122 | 6 | 762 | 723.47 | 763.21 | 798.68 |
| Fox Hollow | 1990 | 113,120 | 4 | 774 | 684.15 | 615.47 | 609.34 |
| Gulf Highlands | 2006 | 124,261 | - | 762 | 634.96 | 589.40 | 592.77 |
| Gulf Trace | 2008 | 96,625 | - | 762 | 231.98 | 563.17 | 588.38 |
| Gulfside | 1977 | 75,658 | 3 | 649 | 624.43 | 548.29 | 554.88 |
| Hudson | 1966 | 77,623 | 15 | 561 | 759.20 | 675.36 | 699.77 |
| James M. Marlowe | 1999 | 102,826 | 1 | 616 | 542.67 | 530.62 | 508.46 |
| Lacoochee | 1971 | 82,667 | 3 | 579 | 396.10 | 399.06 | 410.84 |
| Lake Myrtle | 1984 | 98,634 | 9 | 754 | 825.13 | 782.83 | 832.77 |
| Longleaf | 2005 | 104,502 | 15 | 674 | 893.19 | 943.09 | 990.02 |
| Dr. Mary Giella | 1989 | 89,354 | 3 | 634 | 656.98 | 631.46 | 649.01 |
| Mitty P. Locke | 1966 | 85,466 | 6 | 746 | 856.74 | 585.38 | 589.00 |
| Moon Lake | 1982 | 74,370 | 11 | 602 | 674.65 | 611.51 | 665.65 |
| New River | 2008 | 109,787 | - | 762 | 256.91 | 449.63 | 510.51 |
| Northwest | 1973 | 82,160 | 6 | 720 | 670.47 | 707.31 | 656.62 |
| Oakstead | 2006 | 126,143 | 24 | 762 | 1,000.33 | 1,096.17 | 1,064.34 |
| Odessa | 2010 | 97,687 | - | 762 | - | - | - |
| Pasco | 1954 | 92,802 | 4 | 715 | 661.28 | 650.22 | 631.16 |
| Pine View | 2003 | 99,191 | 9 | 624 | 716.19 | 721.16 | 737.84 |
| Quail Hollow | 1975 | 66,565 | 2 | 494 | 794.95 | 390.03 | 380.95 |
| Richey | 1958 | 77,103 | 10 | 558 | 623.48 | 600.02 | 620.77 |
| Rodney B. Cox | 1925 | 67,685 | 8 | 510 | 447.42 | 460.75 | 413.01 |
| San Antonio | 1981 | 89,860 | 2 | 776 | 689.54 | 724.58 | 646.69 |
| Sand Pine | 1998 | 82,033 | 16 | 517 | 749.86 | 707.03 | 701.02 |
| Sanders Memorial | 1944 | 33,670 | 1 | 280 | 854.25 | 745.26 | 725.74 |
| Schrader | 1972 | 90,253 | 1 | 749 | 569.85 | 625.07 | 587.90 |
| Seven Oaks | 2005 | 101,322 | 22 | 674 | 1,153.35 | 887.82 | 928.79 |
| Seven Springs | 1987 | 92,004 | - | 636 | 620.09 | 579.26 | 571.16 |
| Shady Hills | 1973 | 74,506 | 2 | 437 | 563.38 | 536.06 | 505.15 |
| Sunray | 2000 | 98,044 | - | 629 | 577.86 | 533.01 | 523.23 |
| Trinity | 2001 | 101,287 | 9 | 621 | 649.54 | 663.27 | 699.92 |
| Trinity Oaks | 2006 | 116,975 | - | 762 | 650.32 | 685.86 | 729.63 |
| Veterans | 2008 | 95,730 | - | 762 | - | 726.44 | 765.82 |
| Watergrass | 2009 | 97,974 | - | 762 | - | - | 472.38 |
| Wesley Chapel | 2002 | 99,856 | 18 | 618 | 1,095.98 | 1,071.34 | 589.01 |
| West Zephyrhills | 1958 | 83,003 | 9 | 758 | 818.70 | 813.51 | 750.10 |
| Wiregrass | 2016 | 79,071 | - | 882 | - | - | - |
| Woodland | 1977 | 78,211 | 25 | 670 | 945.82 | 917.58 | 924.14 |
| Total Elementary Schools | | | | | 30,229.96 | 29,746.26 | 29,684.48 |

Table 20

| Full-Time Equivalent Enrollment Data | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| 539.34 | 512.51 | 531.84 | 597.97 | 576.02 | 415.40 | 504.35 |
| 597.29 | 591.85 | 552.24 | 614.90 | 582.90 | 611.85 | 518.60 |
| 670.28 | 644.00 | 581.24 | 641.11 | 519.58 | 481.20 | 460.97 |
| 653.15 | 663.37 | 694.27 | 790.01 | 674.91 | 702.24 | 733.12 |
| 532.22 | 577.48 | 541.19 | 567.85 | 519.93 | 504.38 | 537.68 |
| 809.50 | 847.35 | 870.13 | 1,044.52 | 963.61 | 801.13 | 860.63 |
| 603.90 | 540.11 | 586.82 | 732.95 | 622.38 | 669.98 | 679.39 |
| 810.75 | 797.54 | 766.01 | 826.41 | 785.44 | 804.90 | 801.05 |
| 671.86 | 642.78 | 604.63 | 581.30 | 581.85 | 579.13 | 580.39 |
| 803.96 | 744.33 | 699.39 | 792.01 | 685.62 | 623.62 | 692.54 |
| 808.39 | 810.32 | 837.35 | 965.60 | 862.23 | 894.83 | 781.59 |
| 560.06 | 524.90 | 537.03 | 610.18 | 514.62 | 498.41 | 490.98 |
| 552.29 | 532.72 | 541.09 | 620.71 | 535.74 | 590.86 | 624.29 |
| 590.27 | 592.26 | 626.18 | 677.12 | 668.68 | 671.11 | 586.53 |
| 541.33 | 542.97 | 527.87 | 591.28 | 516.90 | 465.27 | 418.69 |
| 711.44 | 717.82 | 674.55 | 698.64 | 595.89 | 572.61 | 568.67 |
| 498.20 | 501.41 | 443.23 | 453.08 | 403.20 | 438.07 | 482.94 |
| 420.72 | 384.53 | 375.27 | 382.82 | 364.31 | 347.78 | 314.46 |
| 782.25 | 730.81 | 669.57 | 750.06 | 647.89 | 611.50 | 628.28 |
| 651.78 | 674.12 | 647.99 | 721.05 | 641.33 | 664.09 | 685.60 |
| 647.39 | 621.79 | 614.45 | 711.56 | 643.90 | 657.65 | 645.64 |
| 555.85 | 526.58 | 523.80 | 603.91 | 567.80 | 543.45 | 607.61 |
| 726.45 | 656.84 | 671.33 | 726.69 | 571.53 | 568.85 | 604.08 |
| 582.75 | 571.90 | 594.40 | 762.82 | 653.65 | 683.97 | 774.97 |
| 642.88 | 624.11 | 625.89 | 776.65 | 665.23 | 630.06 | 595.93 |
| 974.99 | 1,017.56 | 1,076.36 | 1,260.66 | 1,142.92 | 1,041.70 | 1,117.95 |
| 637.67 | 691.79 | 710.82 | 812.15 | 836.06 | 918.61 | 1,025.37 |
| 638.28 | 621.12 | 666.33 | 716.92 | 640.24 | 650.14 | 620.23 |
| 733.38 | 704.31 | 735.28 | 764.97 | 623.24 | 550.51 | 584.79 |
| 399.04 | 370.77 | 345.23 | - | - | 385.16 | 430.11 |
| 581.41 | 580.95 | 591.52 | 666.87 | 605.66 | 621.79 | 628.41 |
| 378.46 | 360.75 | 369.23 | 411.66 | 393.74 | 378.06 | 379.24 |
| 660.75 | 682.60 | 636.18 | 709.08 | 610.35 | 625.66 | 645.49 |
| 672.20 | 661.58 | 633.56 | 663.64 | 573.99 | 610.31 | 545.08 |
| - | - | - | - | - | 708.28 | 741.92 |
| 552.92 | 543.04 | 536.14 | 587.85 | 594.09 | 622.25 | 640.08 |
| 932.35 | 933.80 | 950.81 | 1,088.11 | 1,083.04 | 1,112.34 | 843.08 |
| 549.23 | 530.81 | 529.89 | 547.25 | 514.23 | 479.25 | 482.95 |
| 459.60 | 424.80 | 415.72 | - | - | 487.26 | 501.88 |
| 541.80 | 539.64 | 524.65 | 538.71 | 513.55 | 549.92 | 533.20 |
| 531.68 | 497.99 | 524.47 | 623.14 | 581.61 | 607.43 | 614.05 |
| 721.54 | 707.72 | 690.95 | 755.83 | 713.37 | 725.04 | 715.98 |
| 815.70 | 805.46 | 802.90 | 884.72 | 794.85 | 802.79 | 847.98 |
| 487.05 | 504.21 | 563.65 | 804.81 | 782.34 | 615.24 | 651.72 |
| 579.82 | 591.37 | 621.56 | 868.26 | 812.39 | 632.85 | 625.56 |
| 767.94 | 764.74 | 789.28 | 864.26 | 799.37 | 825.24 | 865.56 |
| - | - | - | - | - | - | 528.62 |
| 866.69 | 853.97 | 850.97 | 958.35 | 904.12 | 946.57 | 907.80 |
| 29,446.80 | 28,963.38 | 28,903.26 | 31,768.44 | 28,884.30 | 29,928.74 | 30,656.03 |

(continued)

District School Board of Pasco County
School Building Information
Last Ten Fiscal Years
(Unaudited)

Table 20

| | Place in Service (a) | Square Footage (b) | Portables | Capacity (Students) | Full-Time Equivalent Enrollment Data | | |
|-------------------------|-------------------------|-----------------------|-----------|------------------------|---|-----------|-----------|
| | | | | | 2007-2008 | 2008-2009 | 2009-2010 |
| Middle Schools | | | | | | | |
| Bayonet Point | 1973 | 133,360 | 5 | 1,000 | 975.00 | 1,005.52 | 947.24 |
| Centennial | 2001 | 115,614 | 6 | 686 | 660.36 | 659.14 | 664.91 |
| Charles S. Rushe | 2007 | 192,785 | 11 | 1,494 | 1,223.93 | 1,279.33 | 1,317.04 |
| Chasco | 2001 | 134,642 | 4 | 944 | 855.84 | 869.92 | 791.23 |
| Crews Lake | 2008 | 192,206 | - | 1,493 | - | 666.70 | 683.16 |
| Dr. John Long | 2006 | 187,602 | 23 | 1,475 | 1,534.60 | 1,653.75 | 1,705.56 |
| Gulf | 1964 | 167,643 | 3 | 1,546 | 935.59 | 919.45 | 878.77 |
| Hudson | 1984 | 148,691 | 5 | 1,168 | 1,186.12 | 892.03 | 864.90 |
| Pasco | 1946 | 136,864 | 10 | 1,124 | 707.82 | 720.33 | 717.11 |
| Paul R. Smith | 2006 | 187,602 | - | 1,430 | 899.50 | 917.81 | 937.36 |
| Pine View | 1977 | 138,136 | 6 | 1,280 | 898.10 | 885.29 | 877.43 |
| Raymond B. Stewart | 1926 | 186,071 | 5 | 1,195 | 1,017.92 | 1,014.75 | 970.64 |
| River Ridge (c) | 1990 | - | 12 | 1,380 | 1,421.79 | 1,149.35 | 1,131.99 |
| Seven Springs | 1995 | 224,939 | 5 | 1,500 | 1,329.30 | 1,381.79 | 1,358.92 |
| Thomas E. Weightman | 1990 | 162,472 | 10 | 1,083 | 1,057.25 | 1,073.09 | 1,048.49 |
| Total Middle Schools | | | | | 14,703.12 | 15,088.25 | 14,894.75 |
| Education Centers | | | | | | | |
| Energy & Marine | 1964 | 13,287 | - | 75 | 66.47 | 82.27 | - |
| F. K. Marchman Tech | 1984 | 177,967 | 5 | 749 | 454.04 | 397.77 | 392.28 |
| Harry Schwettman | 1923 | 28,351 | 4 | 155 | 128.12 | 158.17 | 86.28 |
| James Irvin | 1995 | 22,214 | 20 | 500 | 107.76 | 110.00 | 71.09 |
| Moore Mickens | 1952 | 73,442 | 4 | 513 | 207.55 | 200.73 | 184.90 |
| Other Programs | n/a | n/a | - | n/a | 858.02 | 893.76 | 813.09 |
| Total Education Centers | | | | | 1,821.96 | 1,842.70 | 1,547.64 |
| High Schools | | | | | | | |
| Anclote | 2009 | 222,463 | - | 1,766 | - | - | 913.35 |
| Fivay | 2010 | 278,342 | - | 1,922 | - | - | - |
| Gulf | 1971 | 240,232 | 7 | 1,617 | 1,676.71 | 1,654.55 | 1,382.12 |
| Hudson | 1973 | 185,238 | 5 | 1,694 | 1,601.01 | 1,542.26 | 1,505.06 |
| J. W. Mitchell | 2000 | 220,930 | 26 | 1,951 | 2,458.87 | 2,388.46 | 1,832.02 |
| Land O' Lakes | 1973 | 207,212 | 16 | 1,596 | 1,687.95 | 1,465.35 | 1,486.85 |
| Pasco | 1964 | 241,858 | 18 | 1,554 | 1,244.55 | 1,230.23 | 1,233.96 |
| Ridgewood | 1977 | 195,139 | 12 | 1,542 | 1,824.09 | 1,752.22 | 1,765.37 |
| River Ridge (c) | 1990 | 446,228 | 7 | 1,970 | 1,933.85 | 1,881.95 | 1,823.88 |
| Sunlake | 2007 | 218,643 | - | 1,787 | 1,115.57 | 1,433.25 | 1,507.19 |
| Wesley Chapel | 1999 | 217,180 | 3 | 1,547 | 1,569.29 | 1,290.21 | 1,305.37 |
| Wiregrass Ranch | 2006 | 218,690 | 18 | 1,764 | 1,316.77 | 1,813.07 | 1,960.21 |
| Zephyrhills | 1973 | 217,998 | 15 | 1,444 | 1,624.66 | 1,524.86 | 1,509.82 |
| Total High Schools | | | | | 18,053.32 | 17,976.41 | 18,225.20 |
| Middle Schools | | | | | | | |

Table 20

| Full-Time Equivalent Enrollment Data | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| 822.68 | 781.17 | 769.27 | 736.24 | 700.15 | 515.28 | 744.46 |
| 668.89 | 675.20 | 643.13 | 629.92 | 559.65 | 552.78 | 583.08 |
| 1,329.22 | 1,283.69 | 1,302.23 | 1,284.12 | 1,306.24 | 1,365.71 | 1,400.11 |
| 764.44 | 740.46 | 741.89 | 730.59 | 683.57 | 819.86 | 699.26 |
| 819.51 | 792.16 | 755.10 | 1,226.87 | 1,191.32 | 628.80 | 695.89 |
| 1,778.26 | 1,538.44 | 1,609.63 | 1,617.68 | 1,675.59 | 1,725.23 | 1,874.01 |
| 874.74 | 845.93 | 823.45 | 827.18 | 706.80 | 780.30 | 865.77 |
| 869.61 | 850.69 | 802.90 | 783.49 | 733.96 | 735.64 | 687.85 |
| 725.71 | 866.67 | 851.18 | 922.49 | 909.30 | 901.40 | 906.23 |
| 1,017.48 | 1,050.05 | 1,054.24 | 1,080.12 | 999.58 | 979.31 | 932.09 |
| 823.42 | 847.56 | 903.37 | 925.71 | 916.54 | 895.56 | 922.75 |
| 950.57 | 1,027.45 | 1,063.36 | 992.98 | 965.99 | 920.33 | 908.07 |
| 1,060.62 | 1,064.96 | 1,056.95 | 1,168.70 | 1,099.45 | 1,069.18 | 1,047.57 |
| 1,288.22 | 1,302.63 | 1,362.97 | 1,383.08 | 1,415.36 | 1,523.27 | 1,634.22 |
| 1,075.54 | 1,137.23 | 1,211.74 | 1,249.98 | 1,129.51 | 1,121.96 | 1,160.36 |
| 14,868.91 | 14,804.29 | 14,951.41 | 15,559.15 | 14,993.01 | 14,534.61 | 15,061.72 |
| - | - | - | - | - | - | - |
| 335.39 | 275.55 | 224.17 | 258.55 | 209.59 | 131.48 | 77.31 |
| 106.80 | 128.08 | 126.03 | 125.15 | 129.67 | 131.42 | 113.98 |
| 107.02 | 103.04 | 99.24 | 121.85 | 90.24 | 137.96 | 141.33 |
| 163.51 | 148.80 | 143.78 | 150.56 | 101.94 | - | - |
| 1,082.05 | 1,381.08 | 1,541.93 | 2,241.33 | 2,077.25 | 2,207.33 | 2,180.14 |
| 1,794.77 | 2,036.55 | 2,135.15 | 2,897.44 | 2,608.69 | 2,608.19 | 2,512.76 |
| 1,155.12 | 1,140.05 | 1,202.70 | 1,290.68 | 1,284.84 | 1,272.23 | 1,234.65 |
| 1,206.52 | 1,496.63 | 1,479.13 | 1,454.15 | 1,186.25 | 1,230.19 | 1,230.54 |
| 1,286.34 | 1,224.47 | 1,188.19 | 1,226.20 | 1,108.02 | 1,154.81 | 1,208.99 |
| 1,126.44 | 1,086.02 | 1,088.98 | 1,278.34 | 1,165.70 | 1,110.44 | 1,092.41 |
| 1,660.55 | 1,657.86 | 1,631.13 | 1,677.98 | 1,698.09 | 1,798.21 | 1,891.01 |
| 1,518.99 | 1,558.24 | 1,551.39 | 1,604.11 | 1,597.88 | 1,640.06 | 1,660.31 |
| 1,228.31 | 1,293.52 | 1,348.07 | 1,349.65 | 1,486.56 | 1,636.45 | 1,647.96 |
| 1,188.49 | 1,037.44 | 1,038.30 | 1,079.88 | 1,023.36 | 1,011.42 | 992.89 |
| 1,508.65 | 1,452.96 | 1,422.63 | 1,415.17 | 1,386.23 | 1,464.42 | 1,483.37 |
| 1,529.25 | 1,485.55 | 1,507.45 | 1,708.11 | 1,617.98 | 1,682.89 | 1,790.10 |
| 1,277.51 | 1,325.06 | 1,414.52 | 1,524.22 | 1,451.59 | 1,505.49 | 1,555.85 |
| 2,035.56 | 1,952.62 | 1,922.33 | 2,078.44 | 2,130.73 | 2,146.44 | 2,303.85 |
| 1,457.96 | 1,466.19 | 1,433.50 | 1,531.69 | 1,420.58 | 1,435.16 | 1,373.49 |
| 18,179.69 | 18,176.61 | 18,228.32 | 19,218.62 | 18,557.81 | 19,088.21 | 19,465.42 |

(continued)

District School Board of Pasco County
School Building Information
Last Ten Fiscal Years
(Unaudited)

Table 20

| | Place in Service (a) | Square Footage (b) | Portables | Capacity (Students) | Full-Time Equivalent Enrollment Data | | |
|-------------------------|-------------------------|-----------------------|-----------|------------------------|---|-----------|-----------|
| | | | | | 2007-2008 | 2008-2009 | 2009-2010 |
| Charter Schools | | | | | | | |
| Academy at the Farm | n/a | n/a | n/a | n/a | 289.00 | 284.00 | 378.00 |
| Athenian Academy | n/a | n/a | n/a | n/a | 215.00 | 258.50 | 276.64 |
| Classical Preparatory | n/a | n/a | n/a | n/a | - | - | - |
| Countryside Monetssori | n/a | n/a | n/a | n/a | 151.00 | 180.02 | 203.50 |
| Dayspring Academy | n/a | n/a | n/a | n/a | 404.00 | 416.06 | 458.03 |
| Florida Virtual Academy | n/a | n/a | n/a | n/a | - | - | - |
| Imagine School | n/a | n/a | n/a | n/a | - | 397.50 | 538.50 |
| Learning Lodge | n/a | n/a | n/a | n/a | - | - | - |
| Pepin Academies | n/a | n/a | n/a | n/a | - | - | - |
| Plato Academy | n/a | n/a | n/a | n/a | - | - | - |
| Total Charter Schools | | | | | 1,059.00 | 1,536.08 | 1,854.67 |
| East Bus Garage | 1966 | 9,061 | - | n/a | - | - | - |
| West Bus Garage | 1960 | 21,292 | - | n/a | - | - | - |
| Central Bus Garage | 1980 | 11,484 | 1 | n/a | - | - | - |
| Administration Building | 1972 | 214,881 | 15 | n/a | - | - | - |
| District Maintenance | 1984 | 37,354 | - | n/a | - | - | - |
| Northwest Bus Garage | 1989 | 11,941 | 1 | n/a | - | - | - |
| Southeast Bus Garage | 1980 | 8,251 | - | n/a | - | - | - |
| Total District | | | | | 65,867.36 | 66,189.70 | 66,206.74 |

(a) Original date that the school was placed in service. This date does not reflect additions, renovations, replacements or remodeling.

(b) Square footage is current, but does not include portables.

(c) River Ridge was built as a combination Middle School and High School.

All data was aggregate until 2006-2007 when then Middle School received its own School Identifier.

Source: District Records

Table 20

| Full-Time Equivalent Enrollment Data | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| 379.34 | 381.50 | 389.84 | 501.16 | 440.63 | 550.61 | 570.81 |
| 318.00 | 328.99 | 391.46 | 439.89 | 366.75 | 354.60 | 324.37 |
| - | - | - | - | 310.37 | 410.38 | 470.95 |
| 209.00 | 213.50 | 232.00 | 286.78 | 270.58 | 292.23 | 313.26 |
| 490.00 | 524.33 | 552.28 | 695.23 | 606.57 | 641.73 | 690.15 |
| - | - | - | - | - | - | 114.62 |
| 475.56 | 546.92 | 633.60 | 772.19 | 704.69 | 721.72 | 763.83 |
| - | - | - | - | 170.03 | 210.29 | 246.76 |
| - | - | - | - | 202.68 | 269.80 | 309.18 |
| - | - | - | - | - | - | 54.00 |
| 1,871.90 | 1,995.24 | 2,199.18 | 2,695.25 | 3,072.30 | 3,451.36 | 3,857.93 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 66,162.07 | 65,976.07 | 66,417.32 | 72,138.90 | 68,116.11 | 69,611.11 | 71,553.86 |

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SINGLE AUDIT REPORT

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

Chairman and Members of the
District School Board of Pasco County, Florida

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Pasco County ("the District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 24, 2018. Our report includes a reference to other auditors who have audited the financial statements of certain charter schools included as 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

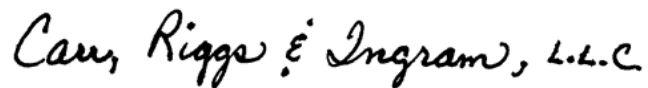
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS, & INGRAM, LLC

Clearwater, Florida
January 24, 2018

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

Chairman and Members of the
District School Board of Pasco County, Florida

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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; 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, 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 School Board of Pasco County, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and in the corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliances. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

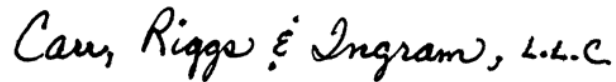
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

accompanying schedule of findings and questioned costs as Federal Awards Finding No. 2017-001, that we consider to be a significant deficiency.

Management's response to the internal control over compliance finding identified in our audit is included as District Response in Federal Awards Finding No. 2017-001 and in the corrective action plan. District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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.

A handwritten signature in cursive script that reads "Carr, Riggs & Ingram, L.L.C.".

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
January 24, 2018

DISTRICT SCHOOL BOARD OF PASCO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

| Federal Grantor/Pass-Through Grantor/Program Title | Catalog of Federal Domestic Assistance Number | Pass - Through Grantor Number | Amount of Expenditures | Amount Provided to Subrecipients |
|--|---|--|---------------------------|---|
| United States Department of Agriculture: | | | | |
| Indirect: | | | | |
| Child Nutrition Cluster: | | | | |
| Florida Department of Agriculture and Consumer Services: | | | | |
| School Breakfast Program | 10.553 | 16002 | \$ 5,394,850 | \$ - |
| National School Lunch Program | 10.555 | 16001, 16003 | 19,082,294 | - |
| Summer Food Service Program for Children | 10.559 | 15006, 15007, 16006, 16007 | 877,390 | - |
| Total Child Nutrition Cluster | | | 25,354,534 | - |
| Fresh Fruit and Vegetable Program | 10.582 | 16004 | 72,798 | - |
| Florida Department of Health Child Care Food Program | 10.558 | A-4501 | 2,368,084 | - |
| Total United States Department of Agriculture | | | 27,795,416 | - |
| United States Department of Education: | | | | |
| Direct: | | | | |
| Federal Pell Grant Program | 84.063 | N/A | 622,640 | - |
| Total Direct | | | 622,640 | - |
| Indirect: | | | | |
| Special Education Cluster: | | | | |
| Special Education - Grants to States | | | | |
| Florida Department of Education | 84.027 | 263 | 14,979,783 | - |
| University of South Florida | 84.027 | none | 2,150 | - |
| Total Special Education - Grants to States | | | 14,981,933 | - |
| Special Education - Preschool Grants | | | | |
| Florida Department of Education | 84.173 | 267 | 353,970 | - |
| Total Special Education Cluster | | | 15,335,903 | - |
| Florida Department of Education: | | | | |
| Adult Education - Basic Grants to States Program | 84.002 | 191, 193 | 591,111 | - |
| Title I Grants to Local Educational Agencies | 84.010 | 212, 223, 226 | 16,538,054 | - |
| Migrant Education - State Grant Program | 84.011 | 217 | 138,594 | - |
| Career and Technical Education - Basic Grants to States | 84.048 | 161 | 667,989 | - |
| Education for Homeless Children and Youth | 84.196 | 127 | 117,600 | - |
| Charter Schools | 84.282 | 298 | 132,467 | 132,467 |
| Twenty-First Century Community Learning Centers | 84.287 | 244 | 1,123,275 | - |
| English Language Acquisition State Grants | 84.365 | 102 | 411,111 | - |
| Supporting Effective Instruction State Grants | 84.367 | 224 | 2,348,628 | - |
| Total Indirect | | | 37,404,732 | 132,467 |
| Total United States Department of Education | | | 38,027,372 | 132,467 |

(continued)

DISTRICT SCHOOL BOARD OF PASCO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

| Federal Grantor/Pass-Through Grantor/Program Title | Catalog of Federal Domestic Assistance Number | Pass - Through Grantor Number | Amount of Expenditures | Amount Provided to Subrecipients |
|--|---|--|---------------------------|---|
| United States Department of Health and Human Services: | | | | |
| Direct: | | | | |
| Head Start | 93.600 | N/A | \$ 6,452,317 | \$ - |
| Total United States Department of Health and Human Services | | | <u>6,452,317</u> | <u>-</u> |
| United States Department of Defense: | | | | |
| Direct: | | | | |
| Junior Reserve Officers Training Corps - Air Force | None | N/A | 68,696 | - |
| Junior Reserve Officers Training Corps - Army | None | N/A | 208,664 | - |
| Junior Reserve Officers Training Corps - Navy | None | N/A | <u>268,063</u> | <u>-</u> |
| Total United States Department of Defense | | | <u>545,423</u> | <u>-</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 72,820,528</u> | <u>\$ 132,467</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) included the Federal award activity of the Pasco County District School Board under programs of the Federal government for the year ended June 30, 2017. 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 Account Policies. Expenditures 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's cognizant agency is Florida Department of Education ("FLDOE"). For the fiscal year 2016-2017, FLDOE approved a restricted indirect cost rate of 5.96%. As a result of the approved indirect cost rate, the District does not have the option to elect the 10 percent de minimis rate in accordance with Uniform Guidance.
 - (4) Noncash Assistance.
 - (A) National School Lunch Program - Includes \$2,440,381 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 \$331,288 for grant number/program year 04CH01018301 and \$6,121,029 for grant number/program year 04CH01018302.

District School Board of Pasco County Schedule of Findings and Questioned Costs

Summary of Audit Results

As required by United States Office of Management and Budget and Uniform Guidance, the following is a summary of the results of the audit of the District School Board of Pasco County for the fiscal year ended June 30, 2017:

- The auditors' report expresses an unmodified opinion on the basic financial statements of the District School Board of Pasco County ("the District").
- No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
- No instances of noncompliance material to the basic financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
- One (1) significant deficiency relating to the audit of the major Federal programs is reported in the Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with the Uniform Guidance.
- The auditor's report on compliance with requirements that could have a direct and material effect on each major federal program for the District expresses an unmodified opinion.
- There was one (1) audit finding relative to the major federal award programs for District School Board of Pasco County.
- The programs tested as major programs included: Title I (CFDA 84.010), Title II - Supporting Effective Instruction State Grants (CFDA 84.063), Head Start (CFDA 93.600), and Child and Adult Care Food Program (CFDA 10.558).
- The threshold for distinguishing between Types A and B programs was \$2,184,616.
- The District qualified as a low-risk auditee, as defined in the Uniform Guidance.

District School Board of Pasco County Schedule of Findings and Questioned Costs

Findings – Financial Statement Audit

None

Findings – Federal Awards

Finding 2017-001: Inadequate Documentation for CACFP

| | |
|--------------------------|--|
| Federal Agency: | U.S. Department of Agriculture |
| State Agency: | Florida Department of Agriculture |
| Program: | Child and Adult Care Food Program (CACFP) |
| CFDA #: | 10.558 |
| Award #: | A-4501 |
| Award Year: | 2016-2017 |
| Finding Type: | Noncompliance and Internal Control Significant Deficiency |
| Questioned Costs: | \$4,768 (likely questioned costs greater than \$25,000) |

Criteria

7 CFR sections 226.15(e) *Recordkeeping*. At a minimum, the following records shall be collected and maintained: (4) Daily records indicating the number of participants in attendance and the number of meals, by type (breakfast, lunch, supper, and supplements), served to participants.

Finding

The District did not comply with 7 CFR sections 226.15(e)(4) recordkeeping requirements for CACFP funds. In addition, the District did not have sufficient internal controls and oversight in place to properly meet the applicable requirements.

Condition

During testing we noted instances where three (3) schools did not retain adequate daily records on students participating in the after school food program for the months selected for testing. The District did not retain adequate attendance records to support and validate the number of meals claimed. Without this support, we were unable to verify the afterschool programs and students receiving the claimed meals.

District School Board of Pasco County Schedule of Findings and Questioned Costs

Cause

The District had a manual process in place for accumulating monthly school attendance records. The District did not have adequate procedures in place to monitor documentation compliance after submission of the monthly claims. As a result, attendance records were not available for 100% of the sample.

Effect

The District is not in compliance with CACFP record keeping and documentation requirements for meals served.

Recommendation

The District should continue to enhance its policies, procedures, and internal controls to ensure the documentation requirements are met for the Child and Adult Food Care Program. We recommend the District add a layer of oversight by requiring reviews of the claims and support. Each Program should be signed off by program teachers or directors each month validating the numbers are accurate. In addition, once the meal data is compiled in the District's Food Service Department each month, an additional review should be performed and documented to verify all claimed meals are adequately supported with student attendance records for each school and each program.

Response and Corrective Action Plan

See attached Corrective Action Plan.

District School Board of Pasco County Summary Schedule of Prior Audit Findings and Follow-up

Listed below is the District's summary of the status of prior year audit findings on the financial statements:

| Finding # per AG Report No. 2017-082 | Management Letter Comments | Finding continues to be relevant | Finding has been addressed by management |
|---|--|---|---|
| 2016-1 | Special Education Funding to Newly Expanded Charter School | | X |

District School Board of Pasco County Corrective Action Plan

Findings – Financial Statement Audit

None

Finding – Single Audit

Noncompliance and Internal Control Significant Deficiency

Finding 2017-001: Inadequate Documentation for CACFP

The District should continue to enhance its policies, procedures, and internal controls to ensure the documentation requirements are met for the Child and Adult Food Care Program.

Response and Corrective Action Plan:

Response:

Currently, the cafeteria manager records daily suppers served onto a monthly recap based off the rosters. Managers sign off on the monthly recaps validating that the numbers entered on the recap are true and correct to the best of their knowledge. The rosters are kept at the site until month's end. At the end of the month the cafeteria managers send the rosters with the signed monthly recap to FNS District office to be used as supporting documentation for the monthly claim. All supporting documentation is reviewed by District staff and checked for accuracy. Once the claim is made the rosters and monthly recaps are stored. All After School Supper sites are reviewed twice during the school year, once during the first 4 weeks of the program and again before the end of the school year.

Corrective Action Plan:

FNS District will improve record keeping by requiring all approved After School Supper sites to scan and save completed rosters in the event the original is destroyed or misplaced. FNS staff will evaluate other opportunities to improve the monitoring and oversight of the After School Supper program in order to meet the requirements of the program.