

The District School Board of
Escambia County
Pensacola, Florida



COMPREHENSIVE ANNUAL FINANCIAL REPORT

***FISCAL YEAR ENDED
JUNE 30, 2017***

***Superintendent
Malcolm Thomas***

**DISTRICT 1
Kevin Adams**

**DISTRICT 3
Linda Moultrie
Chairman**

**DISTRICT 5
Bill Slayton**

**DISTRICT 2
Gerald Boone
Vice Chairman**

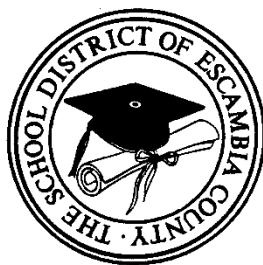
**DISTRICT 4
Patty Hightower**

District School Board Of Escambia County

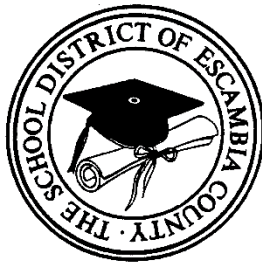
Pensacola, Florida

Comprehensive Annual Financial Report

For The
Fiscal Year
Ended June 30, 2017



Prepared By:
Finance Department



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DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Table of Contents

Introductory Section

Letter of Transmittal i
School Board Members and Superintendentvi
Principal Officialsvii
Organizational Chart.....viii
ASBO Certificate of Excellenceix
GFOA Certificate of Achievement x

Financial Section

Independent Auditor’s Report..... 1
Management’s Discussion and Analysis 5

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 17
Statement of Activities 18

Fund Financial Statements:

Balance Sheet – Governmental Funds 20
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position 23
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds 24
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances to the
Statement of Activities 26
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Budget to Actual - General Fund..... 27
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Budget to Actual – Major Special
Revenue Fund – Other Federal Programs Fund..... 28

Financial Section

Basic Financial Statements:

Fund Financial Statements: (continued)

Statement of Net Position – Proprietary Funds 29
Statement of Revenues, Expenses, and Changes in
Fund Net Position – Proprietary Funds 30
Statement of Cash Flows – Proprietary Funds..... 31
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds 32
Notes to Financial Statements..... 33

Required Supplementary Information:

Schedule of Funding Progress – Other Postemployment Benefits 77
Notes to Required Supplementary Information 78
Schedule of the District’s Proportionate Share of the Net Pension Liability -
Florida Retirement System Pension Plan 79
Schedule of District Contributions –
Florida Retirement System Pension Plan..... 79
Schedule of the District’s Proportionate Share of the Net Pension Liability -
Health Insurance Subsidy Pension Plan 80
Schedule of District Contributions –
Health Insurance Subsidy Pension Plan 80

Other Supplementary Information:

Combining and Individual Fund Financial Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet – Nonmajor Governmental Funds 85
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances – Nonmajor Governmental Funds 87

Governmental Fund Types:

General Fund:

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual 92

Special Revenue Funds:

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – Food Service..... 98
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – Other Federal Programs..... 99

Debt Service Funds:

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – State Board of Education (SBE) Bonds..... 103
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – Other Debt Service 104

Financial Section

Other Supplementary Information:

Combining and Individual Fund Statements and Schedules:

Governmental Fund Types: (continued)

Capital Projects Funds:

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – Public Education Capital Outlay 106

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – Capital Outlay and Debt Service 107

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – Local Capital Improvement..... 108

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget to Actual – Other Capital Projects 109

Proprietary Fund Types:

Internal Service Funds:

Combining Statement of Net Position 111

Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position 112

Combining Statement of Cash Flows 113

Fiduciary Fund Types:

Agency Funds:

Combining Statement of Fiduciary Assets and Liabilities 115

Combining Statement of Changes in Fiduciary Assets and Liabilities 116

Other Statements:

Discretely Presented Component Units:

Combining Statement of Net Position 118

Combining Statement of Activities..... 120

Statistical Section

Financial Trend Information:

Net Position by Component – Government-wide 126

Changes in Net Position – Government-wide 128

Fund Balances of Governmental Funds 131

Changes in Fund Balances of Governmental Funds..... 132

Statistical Section (continued)

Revenue Capacity Information:

General Governmental Tax Revenues by Source..... 134
Assessed and Estimated Actual Value of Taxable Property 135
Property Tax Rates – Direct and Overlapping Governments 136
Principal Property Taxpayers 138
Property Tax Levies and Collections 139

Debt Capacity Information:

Ratios of Outstanding Debt by Type..... 140
Direct and Overlapping Governmental Activities Debt 141
Legal Debt Margin Information 142
Anticipated Capital Outlay Millage Levy Required to Cover
Certificates of Participation Payments 143

Demographic and Economic Information:

Demographic and Economic Statistics 144
Principal Employers 147

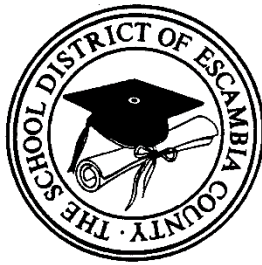
Operating Information:

School Building Information & Full-Time Equivalent Enrollment Data 148
Number of Personnel..... 152
Teachers' Salaries..... 153
Food Service Operating Data 154

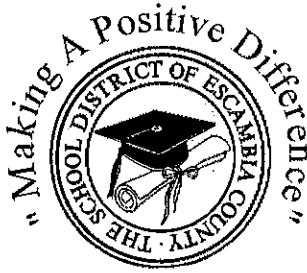
Single Audit Section

Schedule of Expenditures of Federal Awards 158
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* 160
Independent Auditor's Report on Compliance for the Major Federal Program and
Report on Internal Control over Compliance Required by the Uniform Guidance 162
Schedule of Findings and Questioned Costs 165
Prior Audit Follow-up..... 166
Summary Schedule of Prior Audit Findings..... 166

INTRODUCTORY SECTION



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THE SCHOOL DISTRICT OF ESCAMBIA COUNTY

75 North Pace Blvd.
PENSACOLA, FL 32505
PHONE 850/432-6121, FAX 850/469-6379
<http://www.escambia.k12.fl.us>
MALCOLM THOMAS, SUPERINTENDENT

December 12, 2017

To the Honorable Members of the District School Board of Escambia County
and the Citizens of Escambia County, Florida

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 this requirement, we hereby issue the comprehensive annual financial report (CAFR) of the District School Board of Escambia County, Florida (District) for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management 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 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 District's financial statements have been independently audited by the Florida Auditor General. 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, based upon the audit, 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 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 the Single Audit Act of 1996 and the United States Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The standards governing Single Audit

engagements 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. A separate report related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and independent auditor's report on the system of internal control and on compliance with applicable requirements, are included in the Single Audit Section.

This report includes all funds of the District, The Escambia County Public Schools Foundation for Excellence, Inc. (the Foundation), and charter schools, which comprise the reporting entity. 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 Escambia County. Charter schools are public schools operating under performance contracts with the District's governing board (Board). The Foundation and the applicable charter schools are included as discretely presented component units in the accompanying financial statements.

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

Profile of the District

The District and its Board were created pursuant to Article IX, Section 4 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 officials in accordance with Chapter 1001, Florida Statutes. The Board consists of five elected officials responsible for the adoption of policies, which govern the operation of District public schools. The elected Superintendent of Schools (Superintendent) 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 (SBE) Rules, and Board policies. The Superintendent is also specifically delegated the responsibility of maintaining a uniform system of financial records and accounts for the District by SBE Rule 6A-1.001, Florida Administrative Code.

The geographic boundaries of the District are those of Escambia County. During the 2016-17 fiscal year, the District operated 61 schools, special centers, and other programs, including 31 elementary schools, 9 middle schools, 7 high schools, 4 special centers, and 10 other programs. The District also has 6 charter schools that are component units of the District. The District also provides on-line learning opportunities through its virtual education offerings. District school facilities vary greatly in age. Year of occupancy for elementary schools range from the year 1936 to 2015; middle schools range from 1953 to 2015; and high school facilities range from 1949 to 1993.

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's financial condition ratio at June 30, 2017, was 11 percent, well above the minimum statutory requirement of 3 percent (local board requirement is 3.5 percent). The financial condition

ratio is calculated by dividing the combined assigned and unassigned general fund fund balance by total general fund revenue. The financial condition ratio is an indication of the district's level of liquidity and excess operating reserves compared to the above referenced benchmark requirements.

During the 2016-17 fiscal year, the District provided general, special, vocational, and other education programs to 39,859 unweighted full-time equivalent students (UFTE), a decrease of 251 UFTE over the prior fiscal year (40,110). Based on forecasting models, the District projects its 2017-18 student membership to further decrease in number to 39,627 UFTE which represents a decline of 232 UFTE from the current fiscal year.

For budgeting purposes, the Board follows procedures established by Florida Statutes and the SBE rules in establishing and adopting annual budgets for each of the governmental fund types.

Economic Condition and Outlook

Escambia County, located in the northwestern part the State, was established July 21, 1821, as a non-charter government when the Provisional Governor Andrew Jackson signed an ordinance making the County one of the first two counties in Florida, the other being St. John's County. There are two municipalities within the County, the City of Pensacola, which is the County seat, and the Town of Century.

Escambia County encompasses approximately 661 square miles, or 420,480 acres, with an additional 64,000 acres of water area and serves a population of approximately 309,986. The population has increased by approximately 12,593 or 4.2 percent over the last 10 years (297,393). The statewide increase during that period has been approximately 11 percent. The Escambia county unemployment rate has decreased from 4.7 percent a year ago to 4.4 percent in June 2017.

Local sales tax revenues continue to increase on a yearly basis. Current year receipts totaled \$24.9 million which was a 2.9 percent increase over the 2015-16 fiscal year (\$24.2 million). In addition, school taxable property values in Escambia County grew 4 percent over the same period.

Total education funding for Escambia County School District increased \$124 per UFTE (1.8 percent) over the prior 2015-16 fiscal year (6,978) although the Base Student Allocation (BSA) remained relatively flat (0.15 percent increase). The modest increase in per pupil funding was mainly due to an above average increase in the FEFP special education allocation.

Note: The BSA is set by the State Legislature and is the starting point for the total formula funds calculation generated through the Florida Education Finance Program (FEFP).

The total fund balance of the District's General Fund increased slightly (\$644,471) over the 2016-17 fiscal year; however, the combined assigned and unassigned balances, which are considered unreserved, decreased by \$1.6 million. This indicates that those operating funds were insufficient to cover required expenditures although restricted funds accumulated enough, due to timing of allowable expenditures, to increase the total fund balance at fiscal year end.

Major Initiatives

Section 212.055(6), Florida Statutes authorizes local school boards to levy a one-half cent School Capital Outlay Sales Surtax (sales surtax) and the Escambia County School District is in the final year of a 10-year referendum. One hundred percent of the District's sales tax funds are used for new construction, renovations, and certain retrofit projects for its school facilities.

In the November 2014 general election, the District won an early renewal of its sales tax referendum for another 10-year period. Accordingly, the School Board passed a resolution in the Spring of 2015 to issue Sales Tax Revenue Bonds for construction of a new middle school and various remodel/renovation projects at other school facilities. The debt service period on the bonds includes the remaining period on the current 10-year referendum in addition to the full 10-years available on the renewal period (January 1, 2018, through December 31, 2027).

The new construction is intended to relieve overcrowding at other middle schools and once completed will set up a series of facility upgrades at various other school locations. Addressing these issues will prepare for certain schools to swap campuses according to a strategic master plan designed to address the District's shifting and growing population in addition to improving aging school facilities.

In addition to the new middle school, the District is also constructing a new elementary school to address similar overcrowding concerns. The new elementary school is being constructed on a pay-as-you go basis which utilizes cash reserves from local sales tax revenue. This elementary school project has been the subject of a year-by-year savings program within the current referendum.

Financial Information

Internal Controls Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls 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 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 object level.

Budgetary information is integrated into the accounting system and, to facilitate budgetary control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent fiscal year's appropriations. In order to provide budgetary control for salaries, the District utilizes a centralized position control system. On an annual basis, the Board adopts a District staffing plan that establishes teacher positions based generally on student populations served. Additionally, support and administrative positions are created based on established criteria.

Long-Term Financial Planning

General Operating The District's financial objectives for general operating revenue may be summarized as follows: (1) provide for adequate classroom resources and operational support to accomplish curriculum and instructional goals, (2) provide for competitive salary and benefits program for all employees, and (3) maintain adequate fund balance consistent with School Board policy.

To the Honorable Members of the District School Board of Escambia County
and the Citizens of Escambia County, Florida
December 12, 2017

Facilities The District currently benefits from a 10-year, 0.5 percent school capital outlay sales surtax authorized under Section 212.055(6), Florida Statutes. This 10-year levy is in effect until December 31, 2017, and is the source of funds for nearly all new construction and major remodel and renovation projects. In November 2014, the voters of Escambia County approved an early renewal referendum for another 10-year extension beginning January 1, 2018, and ending December 31, 2027.

Awards and Acknowledgments

The District's CAFR for the fiscal year ended June 30, 2016, received the following awards:

- The Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
- The Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO).

This was the ninth consecutive year that the District's CAFR has been so recognized and demonstrates the District's commitment to transparency for the benefit of the taxpayers of Escambia County. The District will also submit the current 2016-17 CAFR for such consideration.

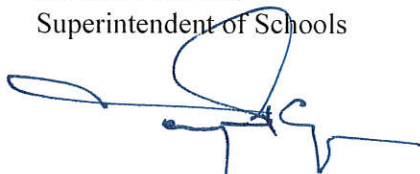
The timely preparation of this report was made possible by the dedicated service of the entire staff of the Finance and Business Services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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,



Malcolm Thomas
Superintendent of Schools



Terry St. Cyr, CPA
Assistant Superintendent-Finance and Business Services



Debbie Fussell, CPA
Director of Accounting Operations

District School Board of Escambia County, Florida

School Board Members and Superintendent (Elected for a four-year term)



District 1
Kevin Adams
1 year
November 2020



District 2
Gerald Boone
11 years
Vice Chairman
November 2018



District 3
Linda Moultrie
9 years
Chairman
November 2018



District 4
Patty Hightower
13 years
November 2020



District 5
Bill Slayton
9 years
November 2020



Malcolm Thomas
Superintendent
9 years
November 2020

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

PRINCIPAL OFFICIALS

Norm Ross

Deputy Superintendent

Shawn Dennis

Assistant Superintendent
Operations

Steve Marcanio

Assistant Superintendent
Curriculum and Instruction

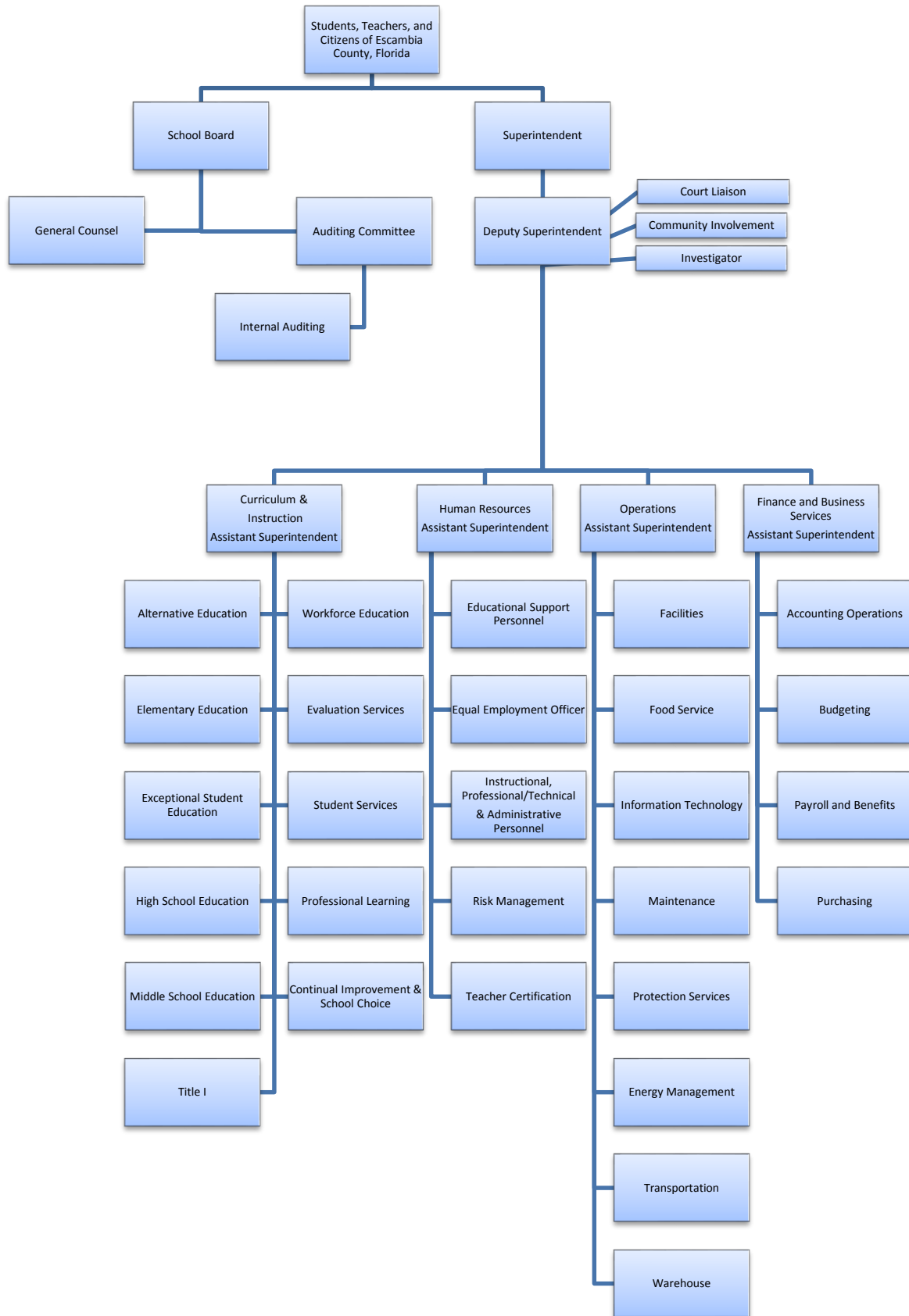
Terry St. Cyr

Assistant Superintendent
Finance and Business Services

Dr. Alan Scott

Assistant Superintendent
Human Resources

District School Board of Escambia County, Florida Organizational Chart





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

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

**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.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

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

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

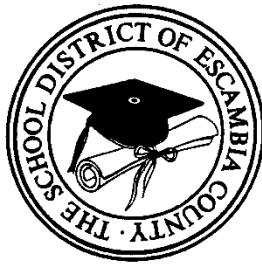
**District School Board
of Escambia County, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION



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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Escambia County District School Board, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the employee benefit trust fund, a blended component unit, which represents 22, 17, 61, and 54 percent of the assets, liabilities, revenues, and expenses, respectively, of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the employee benefit trust fund and the aggregate discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the

Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Escambia County District School Board, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and major special revenue fund for the fiscal 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 **Management's Discussion and Analysis, Schedule of Funding Progress – Other Postemployment Benefits, Notes to Required Supplementary Information, Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan, Schedule of District Contributions – Florida Retirement System Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan, and Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules, and the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**.

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 11, 2017
Audit Report No. 2018-062

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the District School Board of Escambia County, Florida (District) has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2017. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-17 fiscal year are as follows:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at June 30, 2017, by \$283.2 million (net position).
- The District's total net position increased by \$6.9 million from the prior fiscal year (\$276.3 million).
- At June 30, 2017, the combined assigned and unassigned fund balance for the General Fund was \$33.3 million, or 11.2 percent (Financial Condition Ratio) of total General Fund revenues. These totals represent decreases of \$1.6 million and 0.7 percent, respectively from the prior fiscal year.
- The District's total long-term debt (Bonds Payable and Certificates of Participation) was \$83.7 million, a decrease of \$6.6 million from the prior fiscal year (\$90.3 million) due to the reduction of principal via normal debt service requirements.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

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

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net position provides information about the District's financial position, its assets, liabilities, and deferred outflows/inflows of resources, using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, which is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations, during the fiscal year.

An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

All of the District's activities and services are reported in the government-wide financial statements as governmental activities. The District's governmental activities include instruction, student support services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes and State revenues finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities.

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

- Governmental activities – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component units – The District presents aggregate financial information for the following seven separate legal entities in this report: Escambia Charter School, Inc., Capstone Academy Pensacola, Jacqueline Harris Preparatory Academy, Beulah Academy of Science, Inc., Byrneville Elementary School Inc., Pensacola Beach Elementary School, Inc., and the Escambia County Public Schools Foundation For Excellence, Inc. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District. Financial information for these component units is reported separately from the financial information presented for the primary government.

The Escambia School District Employee Benefit Trust (Trust) was established to administer the District's employee life, health, and dental insurance programs. The Escambia County District School Board exercises significant oversight responsibility over the Trust, and all activities of the Trust are solely for the benefit of the District and its employees. Therefore, the financial activities of the Trust have been included (blended) 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 the broad categories discussed below.

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 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 financial statements to provide information on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the District's near-term financing arrangements.

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, Special Revenue – Other Federal Programs Fund, Capital Projects – Local Capital Improvement Fund, and the Capital Projects – Other Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for the General Fund and the Special Revenue – Other Federal Programs Fund to demonstrate compliance with the budget.

Proprietary Funds. Proprietary funds, including internal service funds, may be established to account for activities in which a fee is charged for services. 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 the internal service funds to account for risk management and employee benefits activities. 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.

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 financial 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 agency funds to account for resources held for student activities and groups and to account for the resources of the District's pre-tax flexible benefits plan.

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 postemployment benefits to its employees and required supplementary information concerning the District's liability and required contributions to the state retirement system.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position over time may serve as a useful indicator of a government's financial health. 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	
	6-30-17	6-30-16
Current Assets	\$ 250,212,801	\$ 259,324,908
Capital Assets	349,419,521	326,429,040
Total Assets	599,632,322	585,753,948
Deferred Outflow of Resources	67,012,168	46,554,092
Total Assets and Deferred Outflow of Resources	\$ 666,644,490	\$ 632,308,040
Long-Term Liabilities	\$ 357,453,306	\$ 298,144,645
Other Liabilities	19,523,743	14,471,598
Total Liabilities	376,977,049	312,616,243
Deferred Inflow of Resources	6,440,468	43,362,877
Net Position:		
Net Investment in Capital Assets	301,633,148	234,417,599
Restricted	129,167,248	182,241,764
Unrestricted (Deficit)	(147,573,423)	(140,330,443)
Total Net Position	283,226,973	276,328,920
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 666,644,490	\$ 632,308,040

The largest portion of the District's net position, \$301.6 million, is its investment in capital assets (e.g., land, construction in progress, buildings, improvements, equipment, motor vehicles, computer software, and audio visual materials), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position, \$129.2 million, represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position of \$147.6 million was mainly due to the accrual of net pension liability totaling \$203.4 million. The District reported net pension liability according to the requirements of GASB Statement No. 68 – *Accounting and Reporting for Pensions*.

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

	Operating Results for the Year	
	Governmental Activities	
	6-30-17	6-30-16
Program Revenues:		
Charges for Services	\$ 4,890,592	\$ 4,864,276
Operating Grants and Contributions	17,245,206	18,028,039
Capital Grants and Contributions	5,133,006	4,800,120
General Revenues:		
Property Taxes, Levied for Operational Purposes	88,907,015	91,336,026
Property Taxes, Levied for Capital Projects	24,005,885	21,709,577
Local Sales Taxes	24,900,899	24,164,744
Grants and Contributions Not Restricted to Specific Programs	233,409,076	228,438,767
Unrestricted Investment Earnings	1,300,072	681,813
Miscellaneous	3,245,795	3,015,412
Total Revenues	403,037,546	397,038,774
Functions/Program Expenses:		
Instruction	214,493,605	213,251,178
Student Support Services	18,015,111	18,119,750
Instructional Media Services	4,752,394	4,763,360
Instruction and Curriculum Development Services	13,390,752	12,301,860
Instructional Staff Training Services	7,082,312	9,038,724
Instruction-Related Technology	4,620,276	4,598,508
Board	1,290,759	1,370,750
General Administration	2,043,693	1,839,932
School Administration	16,829,076	16,420,126
Facility Acquisition and Construction	17,831,416	15,877,255
Fiscal Services	2,321,692	2,428,612
Food Services	21,082,132	20,327,540
Central Services	5,999,352	5,488,570
Student Transportation Services	22,193,795	21,368,991
Operation of Plant	25,956,001	26,673,022
Maintenance of Plant	11,503,358	11,231,772
Administrative Technology Services	3,514,601	3,586,559
Community Services	1,069,492	1,106,272
Unallocated Interest on Long-Term Debt	2,149,676	3,051,758
Total Functions/Program Expenses	396,139,493	392,844,539
Increase (Decrease) in Net Position	6,898,053	4,194,235
Beginning Net Position	276,328,920	272,134,685
Ending Net Position	\$ 283,226,973	\$ 276,328,920

Governmental Activities increased the District's net position by \$6.9 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

General Fund. The General Fund is the District's chief operating fund. The assigned and unassigned fund balance at June 30, 2017, is \$33.3 million, while the total fund balance is \$49.2 million. The assigned and unassigned fund balances decreased by \$1.6 million, while the total fund balance increased by \$0.6 million during the fiscal year. The key factor for the fund balance increase is as follows:

- Restricted categorical funds, received for instructional materials and used for textbook purchases, were not spent at the normal level during the fiscal year. As a result, funds totaling \$2.2 million were encumbered but not spent at June 30, 2017, which allowed restricted funds to accumulate and increase total fund balance.

Special Revenue – Other Federal Programs Fund. The Special Revenue – Other Federal Programs Fund had revenues and expenditures of \$30.2 million each. This is a decrease over the prior fiscal year of \$0.8 million due to reductions in certain entitlement grants. Such entitlement grants include Title I and Special Education. Funds are typically recorded as revenue when expended.

Capital Projects – Local Capital Improvement Fund. The Capital Projects – Local Capital Improvement Fund accounts for the revenue and expenditures associated with the District's ad valorem tax receipts generated through the discretionary capital outlay millage. The District is authorized to levy up to 1.5 mills for capital projects such as construction, technology, school bus purchases, and repair and maintenance of facilities. Other uses include, if eligible, payment of property and casualty insurance and debt service requirements. At June 30, 2017, the fund balance totals \$11.6 million and is restricted for eligible capital outlay purposes.

Capital Projects – Other Fund. The Capital Projects – Other Fund has a fund balance of \$114.7 million for the 2016-17 fiscal year. The fund balance decreased from the prior year by \$19.3 million mainly due to the use of proceeds from the Sales Tax Revenue Bonds, Series 2016, for the construction of a new middle school. The original net proceeds of the bond issue totaled \$60 million and has a remaining balance of \$49.8 million at June 30, 2017.

The majority of the remaining fund balance is made up of \$75.8 million in one half-cent sales tax proceeds that are not bonded. These proceeds were collected according to requirements of a 10-year, voter-approved referendum which began in 2008.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted revenues did not significantly differ from original budgeted revenues, and actual revenues are in line with final budgeted revenues.

Actual expenditures were \$18.9 million less than final budgeted expenditures. The instruction function accounted for \$7.3 million of this variance due mainly to the efficient staffing of instructional personnel necessary to meet class size reduction requirements.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$349.4 million (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software. The District's investment in capital assets (net of accumulated depreciation) for the current fiscal year increased \$23.0 million, or 7 percent.

Major construction projects initiated, continued, or completed during the current fiscal year included the following:

- Roofing projects at various District locations.
- Bellview Elementary School – Covered PE facility.
- Bellview Middle School gymnasium construction.
- Workman Middle School gymnasium construction.
- Woodham Middle School repurpose.
- McArthur Elementary School – Covered PE facility.
- Installation and renovation of mechanical and life safety systems.
- New Construction – Kingsfield Elementary School.
- New Construction – Beulah Middle School.
- New Construction – Westside Elementary School.

Additional information on the District's capital assets can be found in Notes 5 and 12 to the financial statements.

Long-Term Debt

At June 30, 2017, the District has total long-term debt outstanding of \$83.7 million. The District has \$2.8 million outstanding of State School Bonds issued by the State Board of Education (SBE) and backed by the full faith and credit of the State of Florida. Certificates of Participation outstanding total \$23.2 million and the remainder of the long-term debt is made up of Sales Tax Revenue Bonds, Series 2016, which have an outstanding balance of \$57.7 million at June 30, 2017.

Additional information on the District's long-term debt can be found in Notes 7 through 9 to the financial statements.

ECONOMIC FACTORS AFFECTING 2017-18 FISCAL YEAR BUDGETS AND RATES

These factors were considered in preparing the District budget for the 2017-18 fiscal year:

Funding for Student Enrollment

The District receives the majority of its general operating funds through the Florida Education Finance Program (FEFP). The funds are based on the number of full-time equivalent (FTE) students and is a combination of state and local revenue. These formula funds will increase approximately \$63 per unweighted FTE over the 2016-17 fiscal year or 0.89 percent. Accordingly, total FEFP formula funds will increase approximately \$497,000 as appropriated by the State Legislature.

General Fund - Fund Balance

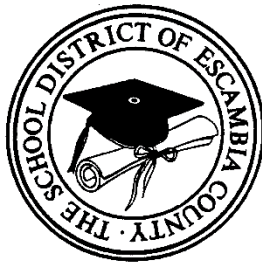
The District will budget approximately \$8.6 million of total fund balance to cover planned expenditures during the 2017-18 fiscal year. Any unspent appropriations and/or revenue receipts in excess of budgeted amounts will be used to replenish the unassigned fund balance accordingly.

Expected Cost Increases

The District will plan for major increases in certain operating expenditures to include potential salary increases and associated benefits such as retirement contributions, health insurance costs, and wellness benefits to offset medical inflation.

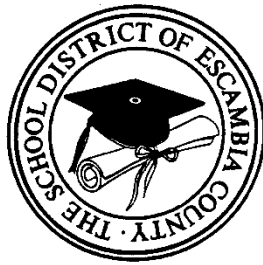
REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Assistant Superintendent - Finance and Business Services, District School Board of Escambia County, 75 North Pace Boulevard, Pensacola, Florida 32505.



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BASIC FINANCIAL STATEMENTS



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DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
STATEMENT OF NET POSITION
June 30, 2017

	Primary Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	\$ 110,135,188	\$ 4,434,336
Investments	130,791,999	-
Accounts Receivable	387,894	371,494
Deposits Receivable	2,000	1,016
Prepaid Items	-	20,318
Due from Other Agencies	5,579,918	5,666
Inventories	3,315,802	-
Capital Assets:		
Non-Depreciable Capital Assets	50,870,243	986,111
Depreciable Capital Assets, Net	298,549,278	7,200,251
Total Assets	599,632,322	13,019,192
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	67,012,168	384,652
Total Deferred Outflows of Resources	67,012,168	384,652
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 666,644,490	\$ 13,403,844
LIABILITIES		
Salaries and Benefits Payable	\$ 1,664,173	\$ 56,491
Payroll Deductions and Withholdings	1,916,219	-
Accounts Payable	7,068,789	414,773
Construction Contracts Payable	3,688	-
Construction Contracts Payable - Retainage	1,813,718	-
Due to Other Agencies	9,400	-
Deposits Payable	162,085	-
Accrued Interest Payable	579,853	-
Loan Payable	2,571,706	-
Unearned Revenue	3,734,111	2,172
Long-Term Liabilities:		
Portion Due Within One Year:	19,237,377	431,415
Portion Due After One Year:	338,215,929	4,471,039
Total Liabilities	376,977,048	5,375,890
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	4,982,697	31,957
Deferred Gains on Refunding	1,457,772	-
Total Deferred Inflows of Resources	6,440,469	31,957
NET POSITION		
Net Investment in Capital Assets	301,633,148	4,299,506
Restricted for:		
State Required Carryover Programs	9,192,746	-
Debt Service	10,858,528	-
Capital Projects	90,140,352	-
Food Service	6,114,971	-
Other Required Carryover Programs	12,860,651	653,466
Unrestricted	(147,573,423)	3,043,025
Total Net Position	283,226,973	7,995,997
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 666,644,490	\$ 13,403,844

The accompanying notes to the basic financial statements are an integral part of the financial statements.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
Instruction	\$ 214,493,605	\$ 1,162,564	\$ -
Student Support Services	18,015,111	-	-
Instructional Media Services	4,752,394	-	-
Instruction and Curriculum Development Services	13,390,752	-	-
Instructional Staff Training Services	7,082,312	-	-
Instruction-Related Technology	4,620,276	-	-
Board	1,290,759	-	-
General Administration	2,043,693	-	-
School Administration	16,829,076	-	-
Facilities Acquisition and Construction	17,831,416	37,259	-
Fiscal Services	2,321,692	-	-
Food Services	21,082,132	2,960,429	17,245,206
Central Services	5,999,352	-	-
Student Transportation Services	22,193,795	254,942	-
Operation of Plant	25,956,001	-	-
Maintenance of Plant	11,503,358	-	-
Administrative Technology Services	3,514,601	-	-
Community Services	1,069,492	475,398	-
Unallocated Interest on Long-Term Debt	2,149,676	-	-
Total Governmental Activities	\$ 396,139,493	\$ 4,890,592	\$ 17,245,206
Component Units			
Foundation/Charter Schools	\$ 8,702,748	\$ 264,876	\$ 793,509

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

Total General Revenues

Change in Net Position

Net Position, July 1, 2016

Net Position, June 30, 2017

The accompanying notes to the basic financial statements are an integral part of the financial statements.

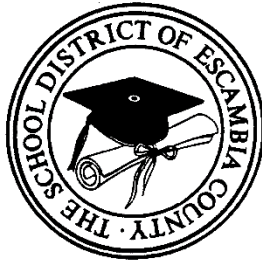
<i>Net (Expense) Revenue and Changes in Net Position</i>		
<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
\$ -	\$ (213,331,041)	\$ -
-	(18,015,111)	-
-	(4,752,394)	-
-	(13,390,752)	-
-	(7,082,312)	-
-	(4,620,276)	-
-	(1,290,759)	-
-	(2,043,693)	-
-	(16,829,076)	-
4,761,062	(13,033,095)	-
-	(2,321,692)	-
-	(876,497)	-
-	(5,999,352)	-
-	(21,938,853)	-
-	(25,956,001)	-
-	(11,503,358)	-
-	(3,514,601)	-
-	(594,094)	-
371,944	(1,777,732)	-
<u>\$ 5,133,006</u>	<u>(368,870,689)</u>	<u>-</u>
<u>\$ 42,286</u>		<u>(7,602,077)</u>
	88,907,015	-
	24,005,885	-
	24,900,899	-
	233,409,076	7,248,582
	1,300,072	10,688
	3,245,795	265,892
	<u>375,768,742</u>	<u>7,525,162</u>
	6,898,053	(76,915)
	<u>276,328,920</u>	<u>8,072,912</u>
	<u>\$ 283,226,973</u>	<u>\$ 7,995,997</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	<u>General Fund</u>	<u>Special Revenue - Other Federal Programs Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 37,858,450	\$ 15,399
Investments	11,147,719	-
Accounts Receivable	342,772	39,918
Deposits Receivable	2,000	-
Due from Other Funds	5,735,616	-
Due from Other Agencies	155,729	4,234,639
Inventories	1,399,578	-
	<u>56,641,864</u>	<u>4,289,956</u>
TOTAL ASSETS	\$ 56,641,864	\$ 4,289,956
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Salaries and Benefits Payable	\$ 1,459,878	\$ 185,760
Payroll Deductions and Withholdings	1,869,435	42,634
Accounts Payable	1,543,452	170,631
Construction Contracts Payable	-	-
Construction Contracts Payable - Retainage	-	-
Due to Other Funds	-	3,890,639
Due to Other Agencies	9,083	292
Deposits Payable	-	-
Accrued Interest Payable	-	-
Loan Payable	2,571,706	-
Total Liabilities	<u>7,453,554</u>	<u>4,289,956</u>
Fund Balances:		
Nonspendable:		
Inventories	1,399,578	-
Restricted for:		
State Required Carryover Programs	9,192,746	-
Debt Service	-	-
Capital Projects	-	-
Food Service	-	-
Other Required Carryover Programs	5,279,750	-
Assigned for:		
Contingencies	9,432,970	-
Local Carryovers	15,734,642	-
Unassigned	8,148,624	-
Total Fund Balances	<u>49,188,310</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 56,641,864	\$ 4,289,956

The accompanying notes to the basic financial statements are an integral part of the financial statements.

<i>Capital Projects - Local Capital Improvement Fund</i>	<i>Capital Projects - Other Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ 7,380,037	\$ 7,220,655	\$ 17,474,196	\$ 69,948,737
8,014,223	110,643,992	986,065	130,791,999
-	-	5,204	387,894
-	-	-	2,000
-	-	13,360	5,748,976
-	19,353	1,170,197	5,579,918
-	-	1,916,224	3,315,802
<u>\$ 15,394,260</u>	<u>\$ 117,884,000</u>	<u>\$ 21,565,246</u>	<u>\$ 215,775,326</u>
\$ -	\$ -	\$ 18,535	\$ 1,664,173
-	-	4,150	1,916,219
3,829,208	1,301,446	53,085	6,897,822
-	3,688	-	3,688
-	1,813,718	-	1,813,718
-	19,353	776,124	4,686,116
-	-	-	9,375
-	-	162,085	162,085
-	-	579,853	579,853
-	-	-	2,571,706
<u>3,829,208</u>	<u>3,138,205</u>	<u>1,593,832</u>	<u>20,304,755</u>
-	-	1,916,224	3,315,802
-	-	-	9,192,746
-	-	10,858,528	10,858,528
11,565,052	114,745,795	2,997,915	129,308,762
-	-	4,198,747	4,198,747
-	-	-	5,279,750
-	-	-	9,432,970
-	-	-	15,734,642
-	-	-	8,148,624
<u>11,565,052</u>	<u>114,745,795</u>	<u>19,971,414</u>	<u>195,470,571</u>
<u>\$ 15,394,260</u>	<u>\$ 117,884,000</u>	<u>\$ 21,565,246</u>	<u>\$ 215,775,326</u>



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DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total Fund Balances - Governmental Funds \$ 195,470,571

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 349,419,521

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. 7,580,901

Long-term liabilities are not due and payable in the current fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at fiscal year-end consist of:

Bonds Payable	\$ (52,279,000)	
Less: unamortized premiums on bonds payable	(8,232,769)	
Certificates of Participation Payable	(21,378,308)	
Less: unamortized premiums on certificates of participation payable	(1,789,528)	
Compensated Absences Payable	(40,433,518)	
Other Postemployment Benefits	(2,335,493)	
Net Pension Liability	(203,367,103)	(329,815,719)

Deferred inflows of resources related to the deferred amount on refunding are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Gains on Refunding - Bonds Payable	(29,200)	
Deferred Gains on Refunding - Certificates of Participation Payable	(1,428,572)	(1,457,772)

Deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	67,012,168	
Deferred Inflows Related to Pensions	(4,982,697)	62,029,471

Total Net Position - Governmental Activities \$ 283,226,973

The accompanying notes to the basic financial statements are an integral part of the financial statements.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue - Other Federal Programs Fund</u>
Revenues		
Intergovernmental:		
Federal Direct	\$ 878,618	\$ 2,082,841
Federal Through State and Local	2,643,138	28,146,484
State	199,682,212	-
Local:		
Property Taxes	88,907,015	-
Sales Taxes	-	-
Charges for Food Service	-	-
Miscellaneous	5,459,627	-
Total Revenues	<u>297,570,610</u>	<u>30,229,325</u>
Expenditures		
Current - Education:		
Instruction	189,483,222	11,228,831
Student Support Services	15,786,530	1,800,186
Instructional Media Services	4,517,591	101,455
Instruction and Curriculum Development Services	6,769,966	6,323,849
Instructional Staff Training Services	2,687,830	4,335,857
Instruction-Related Technology	2,503,066	1,746,136
Board	1,259,018	-
General Administration	826,819	1,196,410
School Administration	16,310,327	10,972
Facilities Acquisition and Construction	658,675	15,895
Fiscal Services	2,258,102	-
Food Services	80,517	-
Central Services	5,691,325	52,827
Student Transportation Services	17,046,037	2,553,062
Operation of Plant	25,580,034	20,706
Maintenance of Plant	10,953,447	-
Administrative Technology Services	3,132,096	52,595
Community Services	580,611	472,202
Fixed Capital Outlay:		
Facilities Acquisition and Construction	72,827	-
Other Capital Outlay	791,173	319,446
Debt Service:		
Principal	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>306,989,213</u>	<u>30,230,429</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,418,603)</u>	<u>(1,104)</u>
Other Financing Sources (Uses)		
Refunding Bonds Issued	-	-
Premium on Refunding Bonds	-	-
Loss Recoveries	1,865,544	-
Transfers In	8,197,530	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>10,063,074</u>	<u>-</u>
Net Change in Fund Balances	644,471	(1,104)
Fund Balances, July 1, 2016	48,543,839	1,104
Fund Balances, June 30, 2017	<u>\$ 49,188,310</u>	<u>\$ -</u>

The accompanying notes to the basic financial statements are an integral part of the financial statements.

<i>Capital Projects - Local Capital Improvement Fund</i>	<i>Capital Projects - Other Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ -	\$ -	\$ -	\$ 2,961,459
-	-	16,967,566	47,757,188
-	237,862	3,283,024	203,203,098
24,005,885	-	-	112,912,900
-	24,900,899	-	24,900,899
-	-	2,960,429	2,960,429
75,935	869,644	70,824	6,476,030
<u>24,081,820</u>	<u>26,008,405</u>	<u>23,281,843</u>	<u>401,172,003</u>
-	-	-	200,712,053
-	-	-	17,586,716
-	-	-	4,619,046
-	-	-	13,093,815
-	-	-	7,023,687
-	-	-	4,249,202
-	-	-	1,259,018
-	-	-	2,023,229
-	-	-	16,321,299
8,737,483	6,566,048	588,864	16,566,965
-	-	-	2,258,102
-	-	20,668,474	20,748,991
-	-	-	5,744,152
-	-	-	19,599,099
-	-	-	25,600,740
-	-	-	10,953,447
-	-	-	3,184,691
-	-	-	1,052,813
-	32,739,548	-	32,812,375
2,305,528	-	319,102	3,735,249
-	-	6,391,723	6,391,723
-	-	3,567,865	3,567,865
<u>11,043,011</u>	<u>39,305,596</u>	<u>31,536,028</u>	<u>419,104,277</u>
<u>13,038,809</u>	<u>(13,297,191)</u>	<u>(8,254,185)</u>	<u>(17,932,274)</u>
-	-	812,000	812,000
-	-	123,846	123,846
-	-	-	1,865,544
-	-	10,849,478	19,047,008
(12,316,470)	(6,027,062)	(703,476)	(19,047,008)
<u>(12,316,470)</u>	<u>(6,027,062)</u>	<u>11,081,848</u>	<u>2,801,390</u>
722,339	(19,324,253)	2,827,663	(15,130,884)
10,842,713	134,070,048	17,143,751	210,601,455
<u>\$ 11,565,052</u>	<u>\$ 114,745,795</u>	<u>\$ 19,971,414</u>	<u>\$ 195,470,571</u>

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017**

Net Change in Fund Balances - Governmental Funds \$ (15,130,884)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current fiscal year.

Capital Outlay - Facilities Acquisition and Construction - Capitalized	\$ 31,819,409	
Capital Outlay - Other Capital Outlay - Capitalized	3,735,249	
Less, Depreciation Expense	<u>(12,136,740)</u>	23,417,918

The statement of activities reflects only the gain/loss on the sale of assets, whereas the governmental funds include all proceeds from these sales. Thus, the change in net position differs from the change in fund balances by the cost of assets sold. (427,437)

Debt proceeds are reported as financial resources in governmental funds and thus contribute to the change in fund balance. However, in the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, payments to escrow agents are reported as financial uses in the governmental funds but reduces the liability in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. These are the debt refunding and principal payments for the current fiscal year:

Bond Proceeds	(812,000)	
Premium on Bonds	(123,846)	
Bond Repayments	2,440,000	
Certificate of Participation Repayments	<u>3,951,723</u>	5,455,877

Premiums associated with long-term debt issued in the current fiscal year are reported in the statement of activities, but are not a current financial resource and, therefore, are not reported in governmental funds. This is the decrease in deferred premiums during the current fiscal year:

Bonds Payable	760,969	
Amortization of deferred charges and gain on refunding, net	13,600	
Certificates of Participation Payable	357,905	
Amortization of deferred charges and gain on refunding, net	<u>285,714</u>	1,418,188

In the Statement of Activities, pension expense is recorded for the District's proportionate share of collective pension expense of the cost sharing defined benefit plans in which the District participates. Also included in pension expense are amounts required to be amortized in accordance with GASB Statement No. 68. (9,817,871)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the fiscal year, while in governmental funds expenditures are 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 fiscal year. 1,736,745

The net change in the liability for post-employment benefits payable is reported in the government-wide statements, but not in the governmental fund statements. (660,967)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities. 906,484

Change in Net Position of Governmental Activities \$ 6,898,053

The accompanying notes to the basic financial statements are an integral part of the financial statements.

DISTRICT SCHOOL BOARD OF ESCAMBA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2017

General Fund				
	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental:				
Federal Direct	\$ 880,000	\$ 878,618	\$ 878,618	\$ -
Federal Through State and Local	2,645,291	2,643,138	2,643,138	-
State	202,088,710	199,857,870	199,682,212	(175,658)
Local:				
Property Taxes	88,904,049	88,907,015	88,907,015	-
Miscellaneous	4,408,694	5,555,931	5,459,627	(96,304)
Total Revenues	<u>298,926,744</u>	<u>297,842,572</u>	<u>297,570,610</u>	<u>(271,962)</u>
Expenditures				
Current - Education:				
Instruction	192,769,991	196,734,659	189,483,222	7,251,437
Student Support Services	17,329,046	17,169,989	15,786,530	1,383,459
Instructional Media Services	4,928,279	4,953,045	4,517,591	435,454
Instruction and Curriculum Development Services	6,777,692	7,477,557	6,769,966	707,591
Instructional Staff Training Services	3,046,530	3,170,539	2,687,830	482,709
Instruction-Related Technology	2,832,193	2,835,539	2,503,066	332,473
Board	1,497,695	1,499,196	1,259,018	240,178
General Administration	895,350	899,384	826,819	72,565
School Administration	15,791,981	16,516,927	16,310,327	206,600
Facilities Acquisition and Construction	2,149,868	2,524,897	658,675	1,866,222
Fiscal Services	3,039,919	3,038,419	2,258,102	780,317
Food Services	155,000	180,000	80,517	99,483
Central Services	5,337,955	6,889,325	5,691,325	1,198,000
Student Transportation Services	16,804,317	18,599,262	17,046,037	1,553,225
Operation of Plant	25,976,198	26,584,212	25,580,034	1,004,178
Maintenance of Plant	10,748,228	11,283,653	10,953,447	330,206
Administrative Technology Services	3,184,959	3,322,809	3,132,096	190,713
Community Services	989,755	1,060,955	580,611	480,344
Fixed Capital Outlay:				
Facilities Acquisition and Construction	3,952	82,699	72,827	9,872
Other Capital Outlay	761,038	1,110,054	791,173	318,881
Debt Service:				
Principal	10,000	-	-	-
Total Expenditures	<u>315,029,946</u>	<u>325,933,120</u>	<u>306,989,213</u>	<u>18,943,907</u>
(Excess) Deficiency of Revenues Over Expenditures	<u>(16,103,202)</u>	<u>(28,090,548)</u>	<u>(9,418,603)</u>	<u>18,671,945</u>
Other Financing Sources (Uses)				
Loss Recoveries	1,000,000	1,865,544	1,865,544	-
Transfers In	8,246,350	8,447,462	8,197,530	(249,932)
Total Other Financing Sources (Uses)	<u>9,246,350</u>	<u>10,313,006</u>	<u>10,063,074</u>	<u>(249,932)</u>
Net Change in Fund Balances	(6,856,852)	(17,777,542)	644,471	18,422,013
Fund Balances, July 1, 2016	48,543,839	48,543,839	48,543,839	-
Fund Balances, June 30, 2017	<u>\$ 41,686,987</u>	<u>\$ 30,766,297</u>	<u>\$ 49,188,310</u>	<u>\$ 18,422,013</u>

The accompanying notes to the basic financial statements are an integral part of the financial statements.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2017

	Other Federal Programs Fund			Variance with Final Budget - Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Revenues				
Intergovernmental:				
Federal Direct	\$ 3,006,293	\$ 2,598,138	\$ 2,082,841	\$ (515,297)
Federal Through State and Local	29,018,382	30,141,619	28,146,484	(1,995,135)
Total Revenues	32,024,675	32,739,757	30,229,325	(2,510,432)
Expenditures				
Current - Education:				
Instruction	11,564,160	11,953,639	11,228,831	724,808
Student Support Services	1,843,584	1,963,841	1,800,186	163,655
Instructional Media Services	10,000	101,769	101,455	314
Instruction and Curriculum Development Services	6,672,816	6,447,618	6,323,849	123,769
Instructional Staff Training Services	4,822,594	5,041,266	4,335,857	705,409
Instruction-Related Technology	1,588,627	1,868,672	1,746,136	122,536
General Administration	1,120,638	1,300,761	1,196,410	104,351
School Administration	1,869	15,472	10,972	4,500
Facilities Acquisition and Construction	11,505	15,895	15,895	-
Central Services	90,406	61,367	52,827	8,540
Student Transportation Services	2,849,400	2,723,920	2,553,062	170,858
Operation of Plant	29,957	24,550	20,706	3,844
Administrative Technology Services	75,372	75,372	52,595	22,777
Community Services	1,005,098	781,949	472,202	309,747
Fixed Capital Outlay:				
Facilities Acquisition and Construction	158	-	-	-
Other Capital Outlay	339,595	364,770	319,446	45,324
Total Expenditures	32,025,779	32,740,861	30,230,429	2,510,432
Excess (Deficiency) of Revenues Over Expenditures	(1,104)	(1,104)	(1,104)	-
Net Change in Fund Balances	(1,104)	(1,104)	(1,104)	-
Fund Balances, July 1, 2016	1,104	1,104	1,104	-
Fund Balances, June 30, 2017	\$ -	\$ -	\$ -	\$ -

The accompanying notes to the basic financial statements are an integral part of the financial statements.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
June 30, 2017

	<i>Governmental Activities - Internal Service Funds</i>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 40,186,451
TOTAL ASSETS	\$ 40,186,451
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 170,967
Due to Other Funds	1,062,860
Due to Other Agencies	25
Unearned Revenue	3,734,111
Estimated Insurance Claims Payable	5,047,552
Total Current Liabilities	10,015,515
Noncurrent Liabilities:	
Estimated Insurance Claims Payable	22,590,035
Total Noncurrent Liabilities	22,590,035
TOTAL LIABILITIES	32,605,550
NET POSITION	
Restricted for Employee Benefits	7,580,901
Total Net Position	7,580,901
TOTAL LIABILITIES AND NET POSITION	\$ 40,186,451

The accompanying notes to the basic financial statements are an integral part of the financial statements.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Premium Revenues	\$ 45,044,921
Other	531,272
Total Operating Revenues	45,576,193
OPERATING EXPENSES	
Salaries	389,953
Employee Benefits	105,718
Purchased Services	5,254,585
Energy Services	13,261
Materials and Supplies	12,499
Capital Outlay	1,778
Insurance Claims	36,295,908
Other	2,685,994
Total Operating Expenses	44,759,696
Operating Income (Loss)	816,497
NONOPERATING REVENUES	
Loss Recoveries	89,987
Total Nonoperating Revenues	89,987
Income (Loss) Before Transfers	906,484
Change in Net Position	906,484
NET POSITION	
Total Net Position, July 1, 2016	6,674,417
Total Net Position, June 30, 2017	\$ 7,580,901

The accompanying notes to the basic financial statements are an integral part of the financial statements.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	\$ 46,360,589
Cash Received for Interfund Services	5,338
Cash Payments to Suppliers for Goods and Services	(7,917,101)
Cash Payments to Employees for Services	(495,671)
Cash Payments for Interfund Services	(775,768)
Cash Payments for Insurance Claims	(36,235,759)
Net Cash Provided (Used) by Operating Activities	941,628
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Loss Recoveries	89,987
Net Cash Provided (Used) by Noncapital Financing Activities	89,987
Net Increase (Decrease) in Cash and Cash Equivalents	1,031,615
Beginning Cash and Cash Equivalents	39,154,836
Ending Cash and Cash Equivalents	\$ 40,186,451
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 816,497
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Due From Other Agencies	500,000
Increase (Decrease) in Accounts Payable	52,302
Increase (Decrease) in Due to Other Funds	(770,430)
Increase (Decrease) in Due to Other Agencies	(1,286)
Increase (Decrease) in Unearned Revenue	284,396
Increase (Decrease) in Estimated Insurance Claims Payable	60,149
Total Adjustments	125,131
Net Cash Provided (Used) by Operating Activities	\$ 941,628

The accompanying notes to the basic financial statements are an integral part of the financial statements.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
FIDUCIARY FUNDS
June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 3,262,836
LIABILITIES	
Internal Accounts Payable	\$ 3,209,138
Payroll Deductions and Withholdings	<u>53,698</u>
Total Liabilities	<u>\$ 3,262,836</u>

The accompanying notes to the basic financial statements are an integral part of the financial statements.

**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

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

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading.

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

- **Blended Component Unit.** The Escambia School District Employee Benefit Trust (Trust) has been established to administer the District's employee life, health, and dental insurance programs. Assets necessary to fund the programs are transferred to the Trust; however, under the terms of the Trust Agreement, the Board retains control of the assets. Due to the substantive economic relationship between the District and the Trust, the financial activities of the Trust are reported in the accompanying basic financial statements as an internal service fund.
- **Discretely Presented Component Units.** The component units' columns in the basic financial statements, include the financial data of the District's other component units, as follows:

The Escambia County Public Schools Foundation for Excellence, Inc. (Foundation), is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, and, as such, the Foundation is approved by the Board. The Foundation was formed to provide charitable and educational aid to the District and to receive, hold, invest, and administer property and to make expenditures for the benefit of the District, which is able to impose its will on the Foundation.

Charter schools are separate not-for-profit corporations each with a separate board of directors organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act, and Section 1002.33, Florida Statutes. Charter schools operate under a charter of the sponsoring school district and are considered component units according to the interpretation of GASB Statement No. 61 by the Florida Department

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

of Education which determined that Florida school districts are financially accountable for Florida charter schools.

Pursuant to the Florida Constitution, charter schools are public schools and the District is responsible for their operation, control, and supervision. The District has entered into charter agreements with the following charter schools that are considered part of the District's reporting entity:

Escambia Charter School, Inc., was established to provide an alternate educational system for "at risk" students.

Capstone Academy Pensacola was established to provide exceptional student educational services to handicapped prekindergarten students.

Jaqueline Harris Preparatory Academy was established to provide alternate programs of education, training, and related services for elementary students who are considered "at risk" of academic failure. Jaqueline Harris Preparatory Academy, operated by New Road to Learning, Inc., is a separate not-for-profit entity.

Beulah Academy of Science, Inc., was established to provide an agriculture and science program for middle school students.

Byrneville Elementary School, Inc., and Pensacola Beach Elementary School, Inc., were established to provide education, training, and related services to elementary school students.

Audits of the Foundation's financial statements and the charter schools' financial statements for the fiscal year ended June 30, 2017, are conducted by an independent certified public accountant and are filed in the District's administrative office at 75 North Pace Boulevard, Pensacola, Florida.

➤ **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide Financial Statements - The Government-wide financial statements are prepared under the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions in which the District gives or receives value without directly receiving or giving value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the government in its entirety, except for those that are fiduciary. Governmental activities are normally supported by taxes and inter-governmental revenues. The District currently does not have any business-type activities.

The Statement of Net Position includes all assets, liabilities, and deferred outflows/inflows of resources of the District. The Statement of Activities presents a comparison between the 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 program or function and, therefore, are clearly identifiable to a particular function. Depreciation expenses are allocated to functions based on actual and estimated usage of the assets in those functions.

Amounts reported as program revenues include: 1) charges for services provided to students for tuition, fees, rental, material, supplies, or other services, 2) operating grants and contributions, and 3) capital grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

Fund Financial Statements – The Governmental Fund Financial Statements are prepared utilizing the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, both measurable and available. “Measurable” means the amount of transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used 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 from property taxes as available if they are collected within 60 days after fiscal year-end. Expenditures are recorded when the fund liability is incurred. However, exceptions include unmatured principal and interest on general long-term debt and accumulated sick and vacation pay, which are recorded when payment is due.

In applying the “susceptible to accrual” concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In one type, moneys must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of the expenditure. In the other type, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the “susceptible to accrual” criteria are met. In all cases, moneys received before the revenue recognition criteria have been met, are reported as unearned revenue.

Agency (Fiduciary) funds are purely custodial in nature (assets equal liabilities) and as such do not have a measurement focus. Agency funds use the accrual basis of accounting to recognize receivables and payables.

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The Proprietary Fund Financial Statements are prepared under the economic resources measurement focus and the accrual basis of accounting.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are for self-insurance (property, casualty, liability, and workers' compensation), and employee benefits (health and prescription) provided to other funds. Operating expenses for the internal service funds include salaries, employee benefits, purchased services, energy services, materials and supplies, capital outlay, and insurance claims. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fund statements provide information about the District's funds, including fiduciary funds. Separate financial statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds. The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue - Other Federal Programs Fund – to account for certain Federal grant program resources.
- Capital Projects – Local Capital Improvement Fund (Nonvoted) – to account for the financial resources generated by capital outlay and valorem property taxes based the discretionary millage rate set by the School Board.
- Capital Projects – Other Fund – to account for the financial resources generated by the local voted sales tax and various other financial resources restricted for educational capital outlay needs, including new construction, renovation, and remodeling projects.

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

- Internal Service Funds – to account for the District's individual self-insurance programs.
- Agency Funds – to account for resources of the District's pre-tax flexible benefits plan and the school internal funds, which are used to administer moneys collected at the schools in connection with school, student athletic, class, and club activities.

Discretely Presented Component Units – 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.

Except for the Capstone Academy Pensacola, the charter schools are accounted for as governmental organizations and follow the same accounting model as the District's

(Continued)
**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

governmental activities. The Capstone Academy Pensacola is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting.

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

Further, certain activity occurs during the fiscal year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

➤ **Net Position / Fund Balance Flow Assumptions**

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

➤ **Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

(Continued)
**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

➤ **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of 3 months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

Cash deposits are held by banks qualified as public depositories under Florida law or through the Federally Insured Cash Account program, which complies with the provisions of Section 218.415(23), Florida Statutes, and is therefore exempt from Florida's public deposits program pursuant to Section 280.03(3)(f), Florida Statutes. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple, financial institution collateral pool, as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash and cash equivalents as those amounts in demand deposit accounts and all highly liquid investments with an original maturity of 3 months or less.

Investments consist of amounts placed in SBA Debt Service accounts for investment of debt service moneys, amounts placed with SBA for participation in the Florida PRIME, and those made locally. Investments made locally are reported at fair value and consist of:

- (1) Intergovernmental investment pool made up of money market mutual funds and various short-term government bond funds. The intergovernmental investment pool is reported at fair value and is described in a subsequent note on investments.
- (2) Government bonds.
- (3) Brokered certificates of deposits (CDs).
- (4) Commercial paper.
- (5) Treasury notes.
- (6) U.S. Government bond funds.

The District's investments in Florida PRIME, which 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 investments are reported at fair value, which is amortized cost. Florida PRIME operates under investment guidelines established by Section 215.47, Florida Statutes.

➤ **Inventories**

Inventories consist of expendable supplies held for consumption in the course of District operations. Material stores, maintenance stores, custodial stores, transportation stores, fuel inventories, and purchased food and lunchroom supply inventories are stated on the average-cost method. The United States Department of Agriculture surplus 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.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value at the date of donation. Interest costs incurred during the construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

Capital assets are depreciated using the 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 - 55 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	10 - 20 years
Audio Visual Materials and Computer Software	10 - 15 years

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

➤ **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 (COP) premiums and discounts are amortized over the life of the debt using the straight-line method. Bonds and COP payable are reported net of the applicable premiums or discounts.

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

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

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

➤ **Compensated Absences**

The criteria for determining compensated absences (i.e., paid absences for employee vacation and sick leave benefit) liability are derived from Board policy, negotiated agreements, and State law. Vacation benefits are accrued as a liability as the benefits are earned if an employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at fiscal year-end by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. Compensated absences include applicable salary related payments for Social Security, Medicare, and retirement contributions.

In the government-wide financial statements, compensated absences are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported for compensated absences in the governmental fund financial statements only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). The liability for compensated absences includes salary-related benefits, where applicable.

Changes in compensated absences for the current fiscal year are reported in a subsequent note.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then.

The District has one item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions* reported in the government-wide statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows related to pensions are further discussed in a subsequent note.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting as deferred inflows of resources.

The two items reported as deferred inflows of resources are the *deferred gain on debt refunding* and the *deferred inflows related to pensions*, both reported in the government-wide statement of net position. A deferred gain on refunding results from a debt refinancing whereby the net carrying amount of the debt instrument exceeds the reacquisition price of the refunding debt. This amount is deferred and amortized over the shorter of the life of the refunded or

(Continued)
**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

refunding debt. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. Details on the composition of the deferred inflows related to pensions are further discussed in a subsequent note.

➤ **State Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is permitted to amend its original reporting according to a calendar established by the Department. Such amendments may impact funding allocations for subsequent fiscal years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. State Board of Education (SBE) 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 fiscal year to be expended for the same educational programs. The Department 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 unspent balance of categorical and earmarked educational program resources.

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

➤ **District Property Taxes**

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

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Escambia County Property Appraiser, and property taxes are collected by the Escambia County Tax Collector.

The School Board adopted the 2016 tax levy on September 15, 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

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 Escambia County Tax Collector at fiscal year-end but not yet remitted to the District.

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

➤ **School Capital Outlay Surtax**

The citizens of Escambia County, on September 5, 2006, approved a 0.5 percent school capital outlay sales surtax authorized under Section 212.055(6), Florida Statutes. The surtax was authorized for a period of 10 years, proceeds of which are to be used for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of 5 or more years, and retrofitting and technology implementation and any land acquisition, land improvement, design, and engineering costs related thereto. The sales tax levy will renew beginning January 1, 2018, for another 10-year term as determined by the voters during the November 4, 2014, ballot referendum.

➤ **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 SBE rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student personnel services, and school administration) and may be amended by resolution at any Board meeting no later than 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.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

- 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 fiscal year's appropriations.

3. INVESTMENTS

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

Investment	Average Maturities	Fair Value	Fair Value Measurement
State Board of Administration			
Florida PRIME (1)	39 Days	\$ 11,366,181	N/A
Debt Service Accounts	6 months	986,066	N/A
BlackRock T-Fund (Cash Reserves) (1)	36 Days	565,384	N/A
Sales Tax Investment Portfolio			
Government Bonds	1.46 Years	36,987,922	Level 2
Certificates of Deposit (Brokered)		1,255,087	N/A
Commercial Paper	7 Days	10,688,701	N/A
First American Gov Obligations (1)	34 Days	124,236	N/A
Series 2016 Bond Proceeds Portfolio			
Government Bonds	1.46 Years	543,802	Level 2
Commercial Paper	7 Days	10,020,237	N/A
First American Gov Obligations (1)	34 Days	3,650,322	N/A
Florida Fixed Income Trust (FL FIT)			
Enhanced Cash Investments	186 Days	25,508,119	N/A
Enhanced Cash Investments (Series 2016)	186 Days	14,242,061	N/A
Commercial Paper Pool	91 Days	19,162,619	N/A
Commercial Paper Pool (Series 2016)	91 Days	11,397,385	N/A
Total Investments, Primary Government		<u>\$ 146,498,122</u>	

Note: (1) Investments reported as cash equivalents for financial statement reporting purposes.

GASB Statement No. 72, Fair Value Measurement and Application

According to GASB 72, all assets meeting the definition of an investment should be measured at fair value, except the following:

- Nonparticipating interest earning investment contracts including non-negotiable certificates of deposit
- Investments in unallocated insurance contracts
- Money market investments and participating interest-earning investment contracts that have remaining maturity at time of purchase of 3 months or less
- Investments held by 2a-7 external investment pools
- Investments in 2a-7-like pools

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

- Fully benefit-responsive synthetic guaranteed investment contracts
- Investments in life insurance contracts not meeting the definition of a life settlement contract

In addition to expanding the definitions of fair value and investments, GASB 72 provides requirements for the valuation and disclosure of assets and liabilities reported at fair value. Governments are to use valuation techniques that are appropriate and for which sufficient data is available to measure assets and liabilities at fair value. These valuation techniques, which are inputs or data that market participants use in valuing assets and liabilities, should be applied consistently.

The District uses the market approach for fair value measurements.

GASB Statement No. 72 establishes a three-tier fair value hierarchy that prioritizes the inputs based on relative reliability and requiring all assets and liabilities valued at fair market value to be categorized each using one of the three hierarchy levels:

- *Level 1 Inputs* – quoted prices in active markets for identical assets or liabilities. Observable markets include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.
- *Level 2 Inputs* – inputs other than quoted prices included within Level 1 that are observable for the asset or liability. These inputs are derived from or corroborated by observable market data through correlation or by other means. Examples: Quoted prices for similar assets or liabilities in active or inactive markets, credit spreads, interest rates and yield curves observable at commonly quoted intervals.
- *Level 3 Inputs* – unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable. Examples: Nonbinding quotes on interest rate swaps that cannot be corroborated by observable market data and financial forecasts using internal data for commercial real estate.

Interest Rate Risk

- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to provide sufficient liquidity to pay obligations as they become due, the District's investment policy limits the length of investments as follows: (1) investments of current operating funds shall have maturities of no longer than 2 years, and (2) investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate for the need for the funds and in accordance with debt covenants, but in no event shall exceed 5 years.
- The District's investments in Florida PRIME, First American Government Obligations Fund, BlackRock T-Fund and Commercial Paper (CP) had weighted average maturities (WAMs) of 39 days, 34 days, 36 days, and 7 days, respectively, at June 30, 2017.
- The District's portfolio of Government Bonds had a WAM of 1.46 years at June 30, 2017.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

- Florida Fixed Income Trust (FL FIT) had the following WAM for each portfolio:

FL FIT Enhanced Cash – 186 days

FL FIT Commercial Paper (Cash) Pool – 91 days

A portfolio’s WAM reflects the average maturity in days or years 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.

- As of June 30, 2017, the District has the following interest rate risk by fund:

Investment by Fund	Fair Value	Investment Maturities	
		Six Months or Less	Greater than Six Months to Two Years
Major Governmental Funds:			
General	\$ 22,341,551	\$ 15,976,204	\$ 6,365,347
Capital Projects - Local Capital Improvements	8,016,460	3,440,339	4,576,121
Capital Projects - Other	114,588,663	48,248,704	66,339,959
Nonmajor Governmental	<u>1,551,448</u>	<u>1,551,448</u>	<u>-</u>
Total Investments	<u><u>\$ 146,498,122</u></u>	<u><u>\$ 69,216,695</u></u>	<u><u>\$ 77,281,427</u></u>

Note: Investments that have stable net asset values (NAVs) are considered cash equivalents for financial statement purposes.

Credit Risk

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment policy limits authorized investments to the SBA Local Government Surplus Funds Trust Fund Investment Pool, which is known as Florida PRIME; direct obligations of the United States Government Agencies; certain Federal Instrumentalities; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; repurchase agreements secured by the collateral composed of negotiable direct obligations of the United States Government, Government Agencies, and Federal Instrumentalities that have a market value of 102 percent of the value of the repurchase agreement; commercial paper of the highest credit rating; certain Banker’s Acceptances; certain highly rated state and local government taxable or tax-exempt debt; shares of open-end, no-load mutual funds registered under the Investment Company Act of 1940, provided that the portfolio invests primarily in short-term government bonds and money market funds operated in accordance with 17 CFR 270.2a-7, provided the funds are rated no lower than the credit rating applied to the United States government by Standard & Poor’s, or the equivalent by another rating agency; and any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes, provided that

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

the said funds contain no derivatives. Investment in any derivative products or the use of reverse repurchase agreements requires specific Board approval.

As of June 30, 2017, the District's investments are rated as follows:

- The District's investments in First American Government Obligations Fund and BlackRock T-Fund (Cash Reserve Shares) are rated AAAM by Standard and Poor's and Aaa-mf by Moody's Investors Service.
- The District's investments in the Florida PRIME are rated AAAM by Standard & Poor's.
- The District's investments in Government Bonds are rated Aaa by Moody's
- The District's investments in Commercial Paper are rated P-1 by Moody's and A-1 by Standard and Poor's.
- The District's investments in Brokered CDs are FDIC insured to \$250,000, therefore the credit rating of the U.S. Government is implied.
- The District's investments in FL FIT Commercial Paper (Cash) Pool and Enhanced Cash Pool are rated AA Af/S1+ and AA Af/S1, respectively, by Standard & Poor's.
- The District's investments in the SBA Debt Service Accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by the SBA for managing credit risk for this account.

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 securities shall be held with a third-party custodian; and all securities purchased by and all collateral obtained by the District should be properly designated as an asset of the District. As of June 30, 2017, all investments are held with an appropriate custodian or trustee or are held in accounts in the name of and belonging to the District.

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

All District investments are in compliance with District policy in relation to interest rate risk, credit risk, and custodial credit risk.

Concentration of Credit Risk

- Concentration of credit risk is associated with potential loss of assets attributed to the portion of investment in a single issuer or issue size. The District's investment policy has established asset allocation and issuer limits according to the following investment types:

The Florida Local Government Surplus Funds Trust Fund (Florida PRIME)

Portfolio Composition: A maximum of 35 percent of available funds may be invested in Florida PRIME.

United States Government Securities

Portfolio Composition: A maximum of 75 percent of available funds may be invested in the United States Government Securities with no more than 10 percent of those funds invested in any one issue size (per CUSIP).

United States Government Agencies

Portfolio Composition: A maximum of 50 percent of available funds may be invested in United States Government agencies.

Limits on Individual Issuers: A maximum of 25 percent of available funds may be invested in individual United States Government agencies with no more than 10 percent of those funds invested in any one issue size (per CUSIP).

Federal Instrumentalities (United States Government sponsored agencies)

Portfolio Composition: A maximum of 50 percent of available funds may be invested in Federal Instrumentalities.

Limits on Individual Issuers: A maximum of 25 percent of available funds may be invested in individual Federal Instrumentality security with no more than 10 percent of those funds invested in any one issue size (per CUSIP).

Interest Bearing Time Deposit or Saving Accounts

Portfolio Composition: A maximum of 25 percent of available funds may be invested in non-negotiable interest bearing time certificates of deposit (CDs).

Limits on Individual Issuers: A maximum of 15 percent of available funds may be deposited with any one CD.

Repurchase Agreements

Portfolio Composition: A maximum of 50 percent of available funds may be invested in repurchase agreements excluding one business day agreements and overnight sweep agreements.

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Limits on Individual Issuers: A maximum of 15 percent of available funds may be invested with any one institution.

Commercial Paper

Portfolio Composition: A maximum of 35 percent of available funds may be directly invested in prime commercial paper.

Limits on Individual Issuers: A maximum of 10 percent of available funds may be invested in any one issuer with no more than 5 percent of those funds invested in any one issue size.

Registered Investment Companies (Mutual Funds and Money Markets)

Portfolio Composition: A maximum of 20 percent of available funds may be invested in mutual funds (investing in short-term government bonds) and 75 percent of available funds may be invested in money market funds.

Limits on Individual Issuers: A maximum of 20 percent of available funds may be invested with any one mutual fund or money market fund.

Intergovernmental Investment Pool

Portfolio Composition: A maximum of 50 percent of available funds may be invested in intergovernmental investment pools.

Limits on Individual Issuers: A maximum of 25 percent of available funds may be invested with any one intergovernmental investment pool (excludes Florida PRIME).

4. RECEIVABLES

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

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Balance 7-1-16	Additions	Deletions	Balance 6-30-17
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 12,429,486	\$ -	\$ -	\$ 12,429,486
Construction in Progress	7,021,204	32,869,429	1,449,876	38,440,757
Total Capital Assets Not Being Depreciated	19,450,690	32,869,429	1,449,876	50,870,243
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	16,845,443	241,874	-	17,087,317
Buildings and Fixed Equipment	419,960,265	1,337,419	75,111	421,222,573
Furniture, Fixtures, and Equipment	13,950,009	715,194	360,701	14,304,502
Motor Vehicles	49,312,577	1,840,618	1,770,277	49,382,918
Audio Visual Materials and Computer Software	9,154,407	-	-	9,154,407
Total Capital Assets Being Depreciated	509,222,701	4,135,105	2,206,089	511,151,717
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	9,211,542	952,215	-	10,163,757
Buildings and Fixed Equipment	157,970,905	7,705,581	55,047	165,621,439
Furniture, Fixtures, and Equipment	8,904,488	753,620	347,711	9,310,397
Motor Vehicles	19,080,847	2,408,287	1,375,894	20,113,240
Audio Visual Materials and Computer Software	7,076,569	317,037	-	7,393,606
Total Accumulated Depreciation	202,244,351	12,136,740	1,778,652	212,602,439
Total Capital Assets Being Depreciated, Net	306,978,350	(8,001,635)	427,437	298,549,278
Governmental Activities Capital Assets, Net	<u>\$ 326,429,040</u>	<u>\$ 24,867,794</u>	<u>\$ 1,877,313</u>	<u>\$ 349,419,521</u>

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 8,210,617
Student Support Services	10,084
Instructional Media Services	5,073
Instruction and Curriculum Development Services	85,968
Instructional Staff Training Services	1,740
Instruction-Related Technology	292,919
General Administration	375
School Administration	18,978
Facilities Acquisition and Construction	256,376
Fiscal Services	1,068
Food Services	319,075
Central Services	102,443
Student Transportation Services	2,156,444
Operation of Plant	98,310
Maintenance of Plant	343,054
Administrative Technology Services	228,548
Community Services	5,668
	\$ 12,136,740
Total Depreciation Expense - Governmental Activities	\$ 12,136,740

6. SCHOOL DISTRICT LOAN PROGRAM

In accordance with the School District Loan Program authorized by Chapter 2006-25, Laws of Florida, the District applied for and received an interest-free loan from the Florida Department of Education totaling \$2,571,706, which is included as a liability of the General Fund. The loan enabled the District to meet operating expenses while awaiting resolution of litigation regarding school property taxes for Pensacola Beach property owners. Loan provisions require District personnel to notify the Florida Department of Education within 5 business days after the resolution of the litigation. Repayment of the loan must be made within 20 business days following the resolution of the litigation or the District may submit a repayment plan not to exceed 2 fiscal years.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

7. CERTIFICATES OF PARTICIPATION

The District entered into financing arrangements, characterized as lease purchase agreements, with the Florida School Boards Association, Inc., whereby the District secured financing of various educational facilities. The financing was accomplished through the issuance of Certificates of Participation to be repaid from the proceeds of rents paid by the District. The following schedule describes the current status of the principal balances of these issues at June 30, 2017:

Issue	Original	Principal		Refunded By Series	Balance 6-30-17
	Amount	Paid	Refunded		
Series 1992	\$ 55,830,000	\$ 15,030,000	\$ 40,800,000	1996-1, 2002	\$ -
Series 1996-1	26,740,000	6,485,000	20,255,000	2005, 2006, 2011	-
Series 1996-2	21,645,000	-	21,645,000	2004	-
Series 2002	16,745,000	16,745,000	-		-
Series 2004	22,725,000	885,000	21,840,000	2014	-
Series 2005	10,000,000	8,461,692	-		1,538,308
Series 2006	10,000,000	10,000,000	-		-
Series 2011	1,124,561	1,124,561	-		-
Series 2014	19,840,000	-	-		19,840,000
	<u>\$ 184,649,561</u>	<u>\$ 58,731,253</u>	<u>\$ 104,540,000</u>		<u>\$ 21,378,308</u>

As a condition of the financing arrangements, the District has given ground leases on District property to the Florida School Boards Association, Inc. The ground leases on the property associated with the Series 1992, 1996-1, 2002, 2005, 2006, and 2011 Certificates end on the earlier of (a) the date on which the Series 1996-1, 2005, 2006, and 2011 Certificates, and any Certificates of Participation refunding such Certificates, have been paid in full or provision for their payment has been made, or (b) June 30, 2028. The ground leases on the property associated with the Series 1996-2, 2004, and 2014 Certificates end on the earlier of (a) the date on which the series of Certificates has been paid in full, or (b) June 30, 2022. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the sites included under the ground lease agreements for the benefit of the securers of the Certificates until the end of the ground leases.

The District properties included in the ground leases under these arrangements include the following:

Certificates of Participation Series 1992, 1996-1, 2002, 2005, 2006, and 2011:

- Hellen Caro Elementary School
- C.A. Weis Elementary School
- R.C. Lipscomb Elementary School
- Jim Allen Elementary School – Administrative Suite/Media Center

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

- Bellview Elementary School – Classroom Building
- Cordova Park Elementary School – Five Classroom Additions/Media Center
- Escambia Westgate Center – Pre-Kindergarten Classroom Renovation
- Holm Elementary School – Classrooms/Media Center
- Myrtle Grove Elementary School – Classroom Addition
- Navy Point Elementary School – Classroom Addition/Administrative Suite
- Pine Meadow Elementary School – Media Center/Kindergarten Classrooms/Administrative Suite
- Pleasant Grove Elementary School – Dining/Classroom Addition/Administrative Suite
- Scenic Heights Elementary School – Pre-Kindergarten Classrooms/Media Center
- Sherwood Elementary School – Pre-Kindergarten Classrooms/Media Center
- Jim C. Bailey Middle School
- Northview High School
- West Florida School of Advanced Technology (the portion formerly known as Beggs Educational Center and used primarily for instructional purposes)
- Tate High School – Physical Education Facility

Certificates of Participation Series 1996-2, 2004, and 2014:

- N.B. Cook Elementary School
- Tate High School – Cafeteria/Media Center Addition and Renovation/ESE/ROTC Classroom Building
- Myrtle Grove Elementary School – Media Center/Classroom Building Renovation
- Navy Point Elementary School – ESE Classroom Building
- Ferry Pass Middle School – ESE Classroom Building

Note: Carver/Century K-8 Elementary School (Physical Education Building/Media Center/Classroom Additions), previously a part of the Series 2014 Certificates of Participation, was released from the COP Master Lease Agreement during the 2015-16 fiscal year in order to provide for the legal sale of the property to another educational institution. However, certain conditions were required of the transaction to preserve the tax-exempt status of the master lease. The sale was finalized on May 26, 2016 and the proceeds of the Series 2014 certificates allocable to the Carver/Century facilities are treated as financing the disposition proceeds rather than the facilities itself.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The lease payments are payable by the District, semiannually, on August 1 and February 1 at interest rates ranging from 4 to 5 percent. The following is a schedule by years of future minimum lease payments under the lease agreements, together with the present value of minimum lease payments as of June 30, 2017:

Fiscal Year Ending June 30	Total	Principal	Interest
2018	\$ 4,782,240	\$ 3,828,308	\$ 953,932
2019	4,850,625	4,075,000	775,625
2020	4,837,000	4,270,000	567,000
2021	4,838,000	4,490,000	348,000
2022	4,832,875	4,715,000	117,875
Total Minimum Lease Payments	24,140,740	21,378,308	2,762,432
Unamortized Premium	1,789,528	1,789,528	-
Total Certificates of Participation	<u>\$ 25,930,268</u>	<u>\$ 23,167,836</u>	<u>\$ 2,762,432</u>

8. BONDS PAYABLE

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

Bond Type	Original Debt Issue Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:				
Series 2008A	\$ 1,295,000	\$ 950,000	4.25-5	2028
Series 2010A	225,000	190,000	3.5-5	2030
Series 2011A (Refunding)	2,625,000	345,000	3-5	2023
Series 2014A (Refunding)	229,000	180,000	3-5	2025
Series 2014B (Refunding)	627,000	47,000	2-5	2020
Series 2017A (Refunding)	812,000	812,000	3-5	2028
Subtotal	5,813,000	2,524,000		
Unamortized Premiums, Net	506,246	311,164		
Total Bonds Payable	<u>\$ 6,319,246</u>	<u>\$ 2,835,164</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 SBE 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 total revenues received in the current fiscal year were \$1,641,120, all of which was applicable to debt service. Series 2017A bonds were issued to refund certain callable portions of Series 2008A bonds. Refunding proceeds totaled \$812,000 along with a bond premium of \$123,846 which will be used to refund \$895,000 of the Series 2008A bonds in the 2017-18 fiscal year. The refunding bonds were delivered in April 2017 and mature in the 2027-28 fiscal year. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Debt Service Fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2018	\$ 272,889	\$ 167,000	\$ 105,889
2019	313,893	204,000	109,893
2020	322,843	223,000	99,843
2021	322,843	234,000	88,843
2022	333,143	256,000	77,143
2023-2027	1,375,330	1,157,000	218,330
2028-2030	295,615	283,000	12,615
Subtotal	3,236,556	2,524,000	712,556
Unamortized Premiums, Net	311,164	311,164	-
Total Bonds Payable	<u>\$ 3,547,720</u>	<u>\$ 2,835,164</u>	<u>\$ 712,556</u>

Sales Tax Revenue Bonds

In November 2014, the voters of Escambia County approved a 10-year extension to the District's current one-half cent sales surtax for capital outlay. The extension will begin on January 1, 2018, and will end on December 31, 2027. Accordingly, in order to provide financing for the construction of a new middle school and improvements to several other of the various schools, the Board issued Sales Tax Revenue Bonds, Series 2016 in the amount of \$51,910,000.

These bonds are authorized by Chapters 212 and 1001, Florida Statutes. The principal and interest on the Series 2016 Bonds are payable solely from and secured by the proceeds received by the Board from the levy and collection of the one-half cent sales surtax pursuant to Section 212.055(6), Florida Statutes. The District pledged a total of \$67,969,815 for principal and interest on the original issue during the 2015-16 fiscal year. Due to payments for normal debt service requirements, the total pledged at June 30, 2017 for principal and interest was \$63,361,800. Final debt service requirements on this bond issue will be paid on September 1, 2027. Assuming a nominal growth rate in the collection of sales tax revenues through December 2027, approximately 19.3 percent of this revenue stream has been pledged in connection with debt service on the bonds.

During the 2016-17 fiscal year, the District recognized sales tax revenues totaling \$24,900,899 and expended \$4,608,015 (18.5 percent) of these revenues for debt service directly collateralized by these revenues.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Series 2016 Bonds payable at June 30, 2017, are as follows:

Bond Type	Original Debt Issue Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
Sales Tax Revenue Bonds:				
Series 2016	\$ 51,910,000	\$ 49,755,000	2-5	2028
Unamortized Premiums, Net	<u>8,641,751</u>	<u>7,921,605</u>		
Total Bonds Payable	<u>\$ 60,551,751</u>	<u>\$ 57,676,605</u>		

The following is a schedule by years of the future annual debt service of the Series 2016 Bonds at June 30, 2017:

Fiscal Year Ending June 30	Total	Principal	Interest
Sales Tax Revenue Bonds:			
2018	\$ 5,789,200	\$ 3,650,000	\$ 2,139,200
2019	5,785,300	3,795,000	1,990,300
2020	5,780,500	3,945,000	1,835,500
2021	5,789,800	4,105,000	1,684,800
2022	5,769,250	4,250,000	1,519,250
2023-2027	28,728,250	24,430,000	4,298,250
2028	<u>5,719,500</u>	<u>5,580,000</u>	<u>139,500</u>
Subtotal	63,361,800	49,755,000	13,606,800
Unamortized Premiums, Net	<u>7,921,605</u>	<u>7,921,605</u>	<u>-</u>
Total Bonds Payable	<u>\$ 71,283,405</u>	<u>\$ 57,676,605</u>	<u>\$ 13,606,800</u>

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

9. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-16	Additions	Deductions	Balance 6-30-17	Due in One Year
GOVERNMENTAL ACTIVITIES					
SBE Bonds Payable	\$ 1,997,000	\$ 812,000	\$ 285,000	\$ 2,524,000	\$ 167,000
Unamortized Premiums, Net	228,141	123,846	40,823	311,164	-
Total SBE Bonds Payable	<u>2,225,141</u>	<u>935,846</u>	<u>325,823</u>	<u>2,835,164</u>	<u>167,000</u>
Sales Tax Revenue Bonds Payable	51,910,000	-	2,155,000	49,755,000	3,650,000
Unamortized Premiums, Net	8,641,751	-	720,146	7,921,605	-
Total Sales Tax Revenue Bonds Payable	<u>60,551,751</u>	<u>-</u>	<u>2,875,146</u>	<u>57,676,605</u>	<u>3,650,000</u>
Certificates of Participation Payable	25,330,031	-	3,951,723	21,378,308	3,828,308
Unamortized Premium	2,147,433	-	357,905	1,789,528	-
Total Certificates of Participation Payable	<u>27,477,464</u>	<u>-</u>	<u>4,309,628</u>	<u>23,167,836</u>	<u>3,828,308</u>
Estimated Insurance Claims Payable	27,577,438	36,295,908	36,235,759	27,637,587	5,047,552
Compensated Absences Payable	42,170,264	2,205,762	3,942,508	40,433,518	4,268,691
Net Pension Liability	136,468,062	155,119,132	88,220,091	203,367,103	2,275,826
Other Postemployment Benefits Payable	1,674,526	1,845,844	1,184,877	2,335,493	-
Total Governmental Activities	<u>\$ 298,144,646</u>	<u>\$ 196,402,492</u>	<u>\$ 137,093,832</u>	<u>\$ 357,453,306</u>	<u>\$ 19,237,377</u>

For the governmental activities, net pension liabilities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with resources of the internal service funds.

10. 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:		
General	\$ 5,735,616	\$ -
Special Revenue - Other Federal Programs	-	3,890,639
Capital Projects - Other	-	19,353
Nonmajor Governmental	13,360	776,124
Internal Service	-	1,062,860
Total	<u>\$ 5,748,976</u>	<u>\$ 5,748,976</u>

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The interfund receivables and payables represent the payment of expenditures by one fund for another fund and will be repaid within 12 months. The amounts above do not include the school activity funds.

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 8,197,530	\$ -
Capital Projects - Local Capital Improvement	-	12,316,470
Capital Projects - Other	-	6,027,062
Nonmajor Governmental	10,849,478	703,476
Total	\$ 19,047,008	\$ 19,047,008

Transfers among funds were as follows: (1) Capital Outlay (major and nonmajor) funds were transferred to the General Fund to finance eligible maintenance operational costs and the payment of property insurance premiums, (2) Capital Outlay (major) funds were transferred to Debt Service (nonmajor) funds to provide for debt service requirements for Sales Tax Revenue Bond issue, and (3) Capital Outlay (major) funds were transferred to Debt Service (nonmajor) funds to provide for debt service requirements for COP issues.

11. FUND BALANCE REPORTING

The District does not have a fund balance policy regarding the commitment or assignment of fund balance. However, Section 1001.51, Florida Statutes, requires the Superintendent or designee to prepare the Annual Financial Report, including the Comprehensive Annual Financial Report, in accordance with generally accepted accounting principles, including the statements issued by the GASB. The Board approves the assigned fund balance.

The District reports its governmental fund balances in the following categories, as applicable:

- **Nonspendable.** The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories as nonspendable.
- **Restricted.** The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances, other than General Fund, as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.
- **Committed.** The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making

(Continued)
**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

authority (i.e., the Board). Generally, such formal action by the Board would be in the form of a resolution or Board policy. 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 did not have any committed fund balances at June 30, 2017.

- **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 specific purposes, such as allocated school-based funds, specific reserves for projects and contingencies, and other designated uses. Constraints imposed for assigned fund balances do not satisfy the criteria to be classified as restricted or committed. This category also includes any remaining positive amounts, for governmental funds, other than the General Fund, not classified as nonspendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Superintendent and Assistant Superintendent for Finance and Business Services and not included in other categories. The District has determined a total assigned fund balance of \$25,167,612 consisting of the following: encumbered local project carryovers totaling \$1,637,236; unencumbered local project carryovers totaling \$14,097,406 and local project contingencies of \$9,432,970.
- **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. Unassigned fund balance totaled \$8,148,624 at June 30, 2017.

General Fund Minimum Fund Balance Requirement. Section 1011.051, Florida Statutes, requires that the District maintain a fund balance in the General Fund that is sufficient to address normal contingencies, and the Superintendent shall provide written notification to the Board and the Commissioner of Education if, at any time, the fund balance in the General Fund not classified as restricted, committed, or nonspendable in the approved operating budget is projected to fall below 3 percent of projected General Fund revenues. If the fund balance in the General Fund not classified as restricted, committed, or nonspendable is projected to fall below 2 percent of projected General Fund revenues, the Commissioner must determine whether the District has a plan to avoid a financial emergency, as determined pursuant to Section 218.503, Florida Statutes, or to appoint a financial emergency board operating consistent with the requirements, powers, and duties specified in Section 218.503(3)(g), Florida Statutes. The District has adopted Board policy 5.01 to maintain an assigned/unassigned fund balance ratio in the General Fund of at least 3.5 percent of general fund revenue to comply with the intent of Section 1011.051, Florida Statutes. As of June 30, 2017, the unassigned and assigned fund balance in the General Fund of \$33,316,236 was 11.2 percent of General Fund revenues.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

12. SIGNIFICANT COMMITMENTS

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current fiscal year are carried forward and the next fiscal year's appropriations are likewise encumbered.

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

Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
General	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement	Capital Projects - Other		
\$ 4,704,732	\$ 359,909	\$ 3,349,021	\$ 59,456,813	\$ 258,823	\$ 68,129,298

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

Project	Contract Amount	Completed to Date	Balance Committed
Districtwide Projects:			
Roofing Projects	\$ 775,587	\$ 228,546	\$ 547,041
J.E. Hall Center Renovation	287,582	19,071	268,511
Mechanical and Life Safety Systems	1,246,654	817,795	428,859
School Specific Projects:			
Bellview Middle School - Gymnasium	3,941,919	2,648,190	1,293,729
Bellview Elementary School - Covered PE Facility	1,302,309	276,681	1,025,628
McArthur Elementary School - Covered PE Facility	1,150,199	342,205	807,994
Workman Middle School - Gymnasium	3,967,018	2,820,588	1,146,430
Woodham Middle School - Repurpose	1,149,014	66,331	1,082,683
New Construction - Kingsfield Elementary School	32,738,519	8,508,111	24,230,408
New Construction - Beulah Middle School	43,302,296	17,853,251	25,449,045
New Construction - Westside Elementary School	2,628,043	-	2,628,043
Total	<u>\$ 92,489,140</u>	<u>\$ 33,580,769</u>	<u>\$ 58,908,371</u>

Total other construction contract commitments (individually below \$250,000) amounted to \$524,924 at June 30, 2017.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

13. SCHEDULE OF STATE REVENUE SOURCES

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

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 147,813,119
Categorical Educational Program - Class Size Reduction	42,989,016
Workforce Development Program	4,382,422
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,641,120
Public Education Capital Outlay	1,388,480
Voluntary Pre-K Program	1,275,136
Best and Brightest Teacher Scholarship Program	777,128
Discretionary Lottery	657,935
School Recognition	610,667
Racing Commission Funds	446,500
Food Service Supplement	277,640
Charter School Capital Outlay	237,862
Learning for Life	200,000
Workforce Education Performance Incentive	143,563
State License Tax	55,358
Miscellaneous	307,152
Total	<u><u>\$ 203,203,098</u></u>

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

14. PROPERTY TAXES

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

<u>GENERAL FUND</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	4.666	\$ 79,633,044
Discretionary Local Effort	0.748	12,765,863
 <u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvement	1.462	24,951,460
Total	<u><u>6.876</u></u>	<u><u>\$ 117,350,367</u></u>

(Continued)
**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

15. FLORIDA RETIREMENT SYSTEM

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

Governmental Accounting Standards Board Statement No. 68. The District participates in the FRS defined benefit pension plan and the HIS defined benefit plan administered by Florida Division of Retirement. As a participating employer, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the fiscal year ended June 30, 2015, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. The District's proportionate share of the net pension liabilities at June 30, 2017, totaled \$203,367,103.

General Information about the FRS.

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The District's total pension expense was \$25,446,381 for the fiscal year ended June 30, 2017.

FRS Pension Plan

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

(Continued)
**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a participating FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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:

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

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

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The District's contributions (not including employee contributions) to the Plan for the fiscal year ended June 30, 2017 totaled \$12,355,510, which was equal to the required contributions for the fiscal year.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
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 liability of \$124,426,620 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 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 0.492777162 percent, which was 0.030001951 less than the proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$18,638,118 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,527,059	\$ 1,158,496
Change of assumptions	7,527,438	-
Net difference between projected and actual earnings on FRS pension plan investments	32,162,765	-
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	1,136,227	3,644,404
District FRS contributions subsequent to the measurement date	2,359,120	-
Total	<u>\$ 52,712,609</u>	<u>\$ 4,802,900</u>

The deferred outflows of resources related to pensions, totaling \$2,359,120, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 6,285,553
2019	6,285,553
2020	18,824,595
2021	12,536,880
2022	1,262,824
Thereafter	355,184
Total	<u>\$ 45,550,589</u>

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate (Property)	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	<u>12.0%</u>	6.1%	5.6%	11.1%
Total	<u>100.0%</u>			
Assumed inflation - Mean			2.6%	1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.6 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2016 valuation was updated from 7.65 percent to 7.6 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.6 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 (6.6 percent) or 1 percentage point higher (8.6 percent) than the current rate:

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
District's proportionate share of the net pension liability	\$ 229,077,832	\$ 124,426,620	\$ 37,318,307

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

Payables to the Pension Plan. At June 30, 2017, the District reported a payable of \$155,056 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2017.

HIS Pension Plan

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

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

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$3,478,715 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 \$78,940,483 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. 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

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 0.677334098 percent, which was an increase of 0.001307034 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$6,808,263 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 179,797
Change of assumptions	12,387,769	-
Net difference between projected and actual earnings on HIS pension plan investments	39,914	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	1,215,221	-
District contributions subsequent to the measurement date	656,655	-
Total	\$ 14,299,559	\$ 179,797

The deferred outflows of resources related to pensions, totaling \$656,655, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2018	\$ 2,442,516
2019	2,442,516
2020	2,434,915
2021	2,431,267
2022	2,058,340
Thereafter	1,653,553
Total	\$ 13,463,107

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.85 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 2.85 percent. 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. The discount rate used in the 2016 valuation was updated from 3.8 percent to 2.85 percent.

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

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
District's proportionate share of the net pension liability	\$ 90,562,669	\$ 78,940,483	\$ 69,294,703

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

FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member’s accounts during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30
FRS, Elected County Officers	11.34

For all membership classes, employees are immediately vested in their own contributions and are vested after 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 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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 and 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.

There were 731 District participants in the Investment Plan during the 2016-17 fiscal year. The District’s contributions, including the employee contributions to the Investment Plan totaled \$2,806,961 which was equal to the required contribution for the 2016-17 fiscal year. The District’s pension expense totaled \$2,017,775 for the fiscal year ended June 30, 2017.

(Continued)
**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

16. EARLY TERMINATION BENEFITS

Retirement Incentive. Board policy provides for the payment of retirement incentive bonuses to District personnel who retire by the end of the fiscal year in which they first become eligible under any retirement plan sponsored by a unit of Florida municipal, local, or State government and who have a minimum of 15 years of service with the District. The Retirement Incentive is equal to 25 percent of the qualified employee's gross annual salary. In addition to payments made for regular termination benefits, the District reported expenditures totaling \$362,186 during the 2016-17 fiscal year for Retirement Incentive pay.

17. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description. The Other Postemployment Healthcare Benefits Plan (OPEB) is a single-employer, defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District are eligible to participate in one of four self-funded comprehensive plans for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the District. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or another entity.

Funding Policy. Plan contribution requirements of the District are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advanced-funded or established a funding methodology for the OPEB costs or the net OPEB obligation. The calculations were based on July 1, 2017, data where there were 235 retirees and 33 eligible dependents receiving postemployment healthcare benefits. For the 2016-17 fiscal year, the District provided required contributions of \$1,184,877 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses, retention costs, and net of retiree contributions totaling \$2,452,351 or 0.9 percent of covered payroll. Required contributions are based on projected pay-as-you-go financing.

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

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA**
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Description	Amount
Normal Cost (service cost for one year)	\$ 1,242,169
Amortization of Unfunded Actuarial Accrued Liability	529,803
Interest on Normal Cost and Amortization	70,879
Annual Required Contribution	1,842,851
Interest on Net OPEB Obligation	66,981
Amortization of Net OPEB Obligation	(63,988)
Annual OPEB Cost	1,845,844
Contribution Toward the OPEB Cost	(1,184,877)
Increase in Net OPEB Obligation	660,967
Net OPEB Obligation, Beginning of Fiscal Year	1,674,526
Net OPEB Obligation, End of Fiscal Year	\$ 2,335,493

The District's historical 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 preceding 2 fiscal years, are as follows:

Fiscal Year	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014-15	\$ 1,202,205	\$ 1,699,710	141.4%	\$ 2,227,205
2015-16	1,257,859	1,810,538	143.9%	1,674,526
2016-17	1,845,844	1,184,877	64.2%	2,335,493

Funded Status and Funding Progress. As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$13,864,669 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$13,864,669 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$279,651,532 for the 2016-17 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5 percent.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's OPEB actuarial valuation for the 2016-17 fiscal year used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2017, and to estimate the District's annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3 percent per year, salary increases of 4.5 percent, general inflation is 2.5 percent, and an annual healthcare cost trend rate of 7 percent initially for the 2016-17 fiscal year, reduced to an ultimate rate of 5 percent for the fiscal year ending June 30, 2023. The unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of projected payroll on an open basis over 30 years.

18. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for property losses, except that commercial property insurance having a number of different deductibles, sublimits, and policy maximums has been purchased to limit the District's exposure to loss. The District provides a self-insurance program for workers' compensation, automobile liability, and general liability coverage. These activities are accounted for in a Risk Management Fund, a part of the internal service funds reported on the basic financial statements of the District. For automobile and general liability, the District generally relies upon the sovereign immunity limits of Section 768.28, Florida Statutes, which limits the District's liability to \$200,000 for each claimant and \$300,000 in any one occurrence. Workers' compensation claims, except for certain claims covered under stop-loss insurance policies purchased in prior fiscal years, are fully covered by the District.

The District also provides commercially purchased life insurance and self-insured dental, prescription drug, and health coverage to its employees, retirees, and their dependents. These activities are accounted for in the Escambia School District Employee Benefit Trust, which is reported in the internal service funds on the basic financial statements of the District. The District has entered into agreements with various insurance companies to provide specific excess coverage of health claims that exceed a stated amount per policy period. In addition, third-party administrators have been contracted to assist in the payment and/or processing of dental, prescription drugs, and health claims.

Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

For all programs for which the District is self-insured, an undiscounted liability in the amount of \$27,637,587 (\$25,694,365 for workers' compensation, automobile and general liability claims, and \$1,943,222 for dental, prescription drug, and health insurance claims) was actuarially determined to cover estimated incurred, but not reported claims and insurance claims payable at June 30, 2017.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Fiscal Year	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2015-16	\$ 27,073,789	\$ 36,360,174	\$ (35,856,525)	\$ 27,577,438
2016-17	27,577,438	36,295,908	(36,235,759)	27,637,587

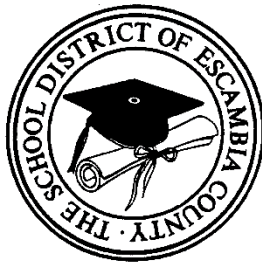
19. OTHER LOSS CONTINGENCY

The Escambia County Property Appraiser was involved in ongoing litigation with the Pensacola Beach Leaseholders and Residents Association regarding the appraisals on and taxability of the values of leasehold improvements and land on Pensacola Beach. During the litigation, some leaseholders have chosen to pay the assessed taxes, while others have chosen not to pay the assessed taxes pending the outcome of the litigation.

The Florida Supreme Court ruled during the 2013-14 fiscal year that the leasehold improvements are taxable. The Property Appraiser was of the opinion that the land under lease is also addressed by the Court ruling but the leaseholders disagree. In March of 2016 the Florida 1st District Court of Appeal ruled that the land was not taxable in a specific case involving a condominium development. The effect of the ruling may be far reaching for other leaseholders. Consequently, taxation on the land is still unresolved. Depending upon the ultimate outcome of this litigation, the District may be entitled to its portion (estimated at \$122,632 at June 30, 2017) of the gross taxes uncollected from residential leaseholders, or the District may be required to return a portion of the gross taxes that were previously collected from the leaseholders. At June 30, 2017, the District has received \$33,013,244 in taxes collected from residential leaseholders.

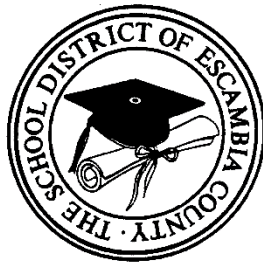
20. LITIGATION

The District is involved in several pending and threatened legal actions. It is the opinion of District management, after giving consideration to the District's related insurance coverage, as well as statutory limitations on uninsured losses for governmental agencies, that the amount of loss from all such claims and actions would not materially affect the financial condition of the District.



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REQUIRED SUPPLEMENTARY
INFORMATION



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**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (1)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
	(a)	(b)	(b-a)	(a/b)		[(b-a)/c]
7/1/2014	\$ -	\$ 9,915,992	\$ 9,915,992	0%	\$ 217,952,759	4.55%
7/1/2015	-	10,432,107	10,432,107	0%	226,377,227	4.61%
7/1/2016	-	13,864,669	13,864,669	0%	279,651,532	4.96%

Note (1): See notes to required supplemental information for actuarial methods used to calculate the actuarial accrued liability.

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The July 1, 2016, unfunded actuarial accrued liability of \$13,864,669 was higher than the July 1, 2015, liability of \$10,432,107 due to the following:

Actuarial Valuation:

Cost Method - Entry Age Normal Cost Method

Amortization Method – Past service liability is amortized over an open 30-year period as a level percentage of projected payroll.

Method Changes - There were no method changes in the GASB valuation since the prior fiscal year.

Assumption Changes - The GASB valuation reflects the following assumption changes from the prior fiscal year:

- A change in the mortality assumption from the Scale MP-2015 to the Scale MP-2016.
- A change in medical health trend rates from an initial trend of 7 percent for the fiscal year ending June 30, 2017, and an ultimate trend of 5 percent for the fiscal year ending June 30, 2023, to an initial trend of 7.75 percent for the fiscal year ending June 30, 2018, and an ultimate trend of 5 percent for the fiscal year ending June 30, 2027, and beyond.

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY – FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the FRS net pension liability	0.492777162%	0.522779113%	0.523517774%	0.510916965%
District's proportionate share of the FRS net pension liability	\$ 124,426,620	\$ 67,523,934	\$ 31,942,283	\$ 87,951,549
District's covered-employee payroll	226,377,227	217,952,759	209,931,489	196,359,029
District's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	54.96%	30.98%	15.22%	44.79%
FRS Plan fiduciary net position as percentage of total pension liability	84.88%	92.00%	96.09%	88.54%

SCHEDULE OF DISTRICT CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM
PENSION PLAN
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 12,355,510	\$ 12,017,157	\$ 12,745,799	\$ 11,467,261
FRS contributions in relation to the contractually required contribution	(12,355,510)	(12,017,157)	(12,745,799)	(11,467,261)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 279,651,532	\$ 226,377,227	\$ 217,952,759	\$ 209,931,489
FRS contributions as a percentage of covered-employee payroll	4.42%	5.31%	5.85%	5.46%

FLORIDA RETIREMENT SYSTEM PENSION PLAN - CHANGES IN BENEFIT TERMS AND
ASSUMPTIONS

There were no changes in benefit terms for the fiscal year ended June 30, 2017.

Changes in Assumptions. The long-term expected rate of return, net of investment expense, decreased from 7.65 percent to 7.6 percent and the active member mortality assumption was updated. A decrease in discount rate results in an increase in pension liability.

*GASB Statement No. 68 was implemented during the 2014-15 fiscal year. Therefore, data for a full 10-year presentation was not available. Additional years' information will be displayed as it becomes available.

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the HIS net pension liability (asset)	0.677334098%	0.676027064%	0.665329064%	0.657194019%
District's proportionate share of the HIS net pension liability (asset)	\$ 78,940,483	\$ 68,944,126	\$ 62,209,891	\$ 57,217,380
District's covered-employee payroll	226,377,227	217,952,759	209,931,489	196,359,029
District's proportionate share of the HIS net pension liability (asset) as a percentage of its covered-employee payroll	34.87%	31.63%	29.63%	29.14%
FRS HIS Plan fiduciary net position as percentage of total pension liability	0.97%	0.50%	0.99%	1.78%

SCHEDULE OF DISTRICT CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 3,478,715	\$ 3,471,769	\$ 2,584,196	\$ 2,279,194
HIS contributions in relation to the contractually required HIS contribution	(3,478,715)	(3,471,769)	(2,584,196)	(2,279,194)
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 279,651,532	\$ 226,377,227	\$ 217,952,759	\$ 209,931,489
HIS contributions as a percentage of covered-employee payroll	1.24%	1.53%	1.19%	1.09%

FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY PENSION PLAN –
CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

There were no changes in benefit terms for the fiscal year ended June 30, 2017.

Changes in Assumptions. The municipal bond rate used to determine total pension liability was decreased from 3.8 to 2.85 percent. A decrease in discount rate results in an increase in pension liability.

*GASB Statement No. 68 was implemented in during the 2014-15 fiscal year. Therefore, data for a full 10-year presentation was not available. Additional years' information will be displayed as it becomes available.

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

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds account for certain revenues derived from the State of Florida, the Federal Government, and other local and private sources that are required to finance designated activities. Activities included within the funds are as follows:

Food Service Fund - To account for and report on activities of the food service program in serving breakfast and lunch at the schools.

Debt Service Funds

The Debt Service Funds are used to account for the payment of interest and principal of the current portion on long-term debt.

State Board of Education (SBE) Bond Fund - To account for and report on payment of principal, interest, and related costs on the State school bonds issued by the SBE on behalf of the District. These bonds are payable from the District's portion of the State-assessed motor vehicle license tax.

Other Debt Service Fund - (1) To account for and report on Certificate of Participation Issues, characterized as lease-purchase agreements. (2) To account for and report on the Sales Tax Revenue Bonds, Series 2016.

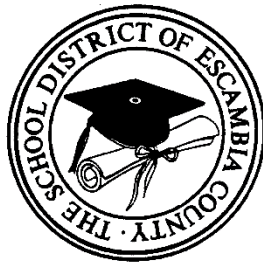
Nonmajor Governmental Funds (Continued)

Capital Projects Funds

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, or for major renovation projects. Specific funding sources included herein are:

Public Education Capital Outlay Fund – To account for and report on funds received from the State for the construction and maintenance of schools.

Capital Outlay & Debt Service Fund – To account for and report on the excess dollars received through the State's Capital Outlay & Debt Service (CO&DS) program, used for construction and maintenance of schools.



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**DISTRICT SCHOOL BOARD OF ESCAMBA COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017**

	Total Nonmajor Governmental Funds	Special Revenue Fund		Debt Service Funds		
		Total Nonmajor Special Revenue Fund	Food Service Fund	Total Nonmajor Debt Service Funds	State Board of Education (SBE) Bond Fund	Other Debt Service Fund
ASSETS						
Cash and Cash Equivalents	\$ 17,474,196	\$ 4,306,710	\$ 4,306,710	\$ 10,452,316	\$ -	\$ 10,452,316
Investments	986,065	-	-	986,065	986,065	-
Accounts Receivable	5,204	5,204	5,204	-	-	-
Due from Other Funds	13,360	13,360	13,360	-	-	-
Due from Other Agencies	1,170,197	87,181	87,181	-	-	-
Inventories	1,916,224	1,916,224	1,916,224	-	-	-
TOTAL ASSETS	\$ 21,565,246	\$ 6,328,679	\$ 6,328,679	\$ 11,438,381	\$ 986,065	\$ 10,452,316
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries and Benefits Payable	\$ 18,535	\$ 18,535	\$ 18,535	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings	4,150	4,150	4,150	-	-	-
Accounts Payable	53,085	15,578	15,578	-	-	-
Due to Other Funds	776,124	13,360	13,360	-	-	-
Deposits Payable	162,085	162,085	162,085	-	-	-
Accrued Interest Payable	579,853	-	-	579,853	14,521	565,332
Total Liabilities	1,593,832	213,708	213,708	579,853	14,521	565,332
Fund Balances:						
Nonspendable:						
Inventories	1,916,224	1,916,224	1,916,224	-	-	-
Restricted for:						
Debt Service	10,858,528	-	-	10,858,528	971,544	9,886,984
Capital Projects	2,997,915	-	-	-	-	-
Food Service	4,198,747	4,198,747	4,198,747	-	-	-
Total Fund Balances	19,971,414	6,114,971	6,114,971	10,858,528	971,544	9,886,984
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 21,565,246	\$ 6,328,679	\$ 6,328,679	\$ 11,438,381	\$ 986,065	\$ 10,452,316

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
June 30, 2017

	Capital Projects Funds		
	Total Nonmajor Capital Projects Funds	Public Education Capital Outlay Fund	Capital Outlay & Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ 2,715,170	\$ -	\$ 2,715,170
Due from Other Agencies	1,083,016	1,068,439	14,577
	\$ 3,798,186	\$ 1,068,439	\$ 2,729,747
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 37,507	\$ 37,436	\$ 71
Due to Other Funds	762,764	762,764	-
	800,271	800,200	71
Total Liabilities			
Fund Balances:			
Restricted for:			
Capital Projects	2,997,915	268,239	2,729,676
	2,997,915	268,239	2,729,676
Total Fund Balances			
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,798,186	\$ 1,068,439	\$ 2,729,747

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	Total Nonmajor Governmental Funds	Special Revenue Fund		Debt Service Funds		
		Total Nonmajor Special Revenue Fund	Food Service Fund	Total Nonmajor Debt Service Funds	State Board of Education (SBE) Bond Fund	Other Debt Service Fund
REVENUES						
Federal Through State and Local:						
Food Service	\$ 16,967,566	\$ 16,967,566	\$ 16,967,566	\$ -	\$ -	\$ -
Total Federal Through State and Local	<u>16,967,566</u>	<u>16,967,566</u>	<u>16,967,566</u>	<u>-</u>	<u>-</u>	<u>-</u>
State:						
Food Service	277,640	277,640	277,640	-	-	-
CO&DS Withheld for SBE/COBI Bond	371,843	-	-	371,843	371,843	-
CO&DS Distribution	1,218,416	-	-	-	-	-
Public Education Capital Outlay	1,388,480	-	-	-	-	-
Other State Sources	26,645	-	-	102	102	-
Total State	<u>3,283,024</u>	<u>277,640</u>	<u>277,640</u>	<u>371,945</u>	<u>371,945</u>	<u>-</u>
Local:						
Charges for Food Service	2,960,429	2,960,429	2,960,429	-	-	-
Interest Income	5,830	5,830	5,830	-	-	-
Other Local Sources	64,994	64,935	64,935	59	-	59
Total Local	<u>3,031,253</u>	<u>3,031,194</u>	<u>3,031,194</u>	<u>59</u>	<u>-</u>	<u>59</u>
Total Revenues	<u>23,281,843</u>	<u>20,276,400</u>	<u>20,276,400</u>	<u>372,004</u>	<u>371,945</u>	<u>59</u>

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended June 30, 2017

	Total Nonmajor Governmental Funds	Special Revenue Fund		Debt Service Funds		
		Total Nonmajor Special Revenue Fund	Food Service Fund	Total Nonmajor Debt Service Funds	State Board of Education (SBE) Bond Fund	Other Debt Service Fund
EXPENDITURES						
Current Education:						
Facilities Acquisition and Construction	588,864	-	-	-	-	-
Food Services	20,668,474	20,668,474	20,668,474	-	-	-
Fixed Capital Outlay:						
Other Capital Outlay	319,102	319,102	319,102	-	-	-
Debt Service:						
Principal	6,391,723	-	-	6,391,723	285,000	6,106,723
Interest and Fiscal Charges	3,567,865	-	-	3,566,636	98,496	3,468,140
Total Expenditures	31,536,028	20,987,576	20,987,576	9,958,359	383,496	9,574,863
Excess (Deficiency) of Revenues Over Expenditures	(8,254,185)	(711,176)	(711,176)	(9,586,355)	(11,551)	(9,574,804)
OTHER FINANCING SOURCES (USES)						
Refunding Bonds Issued	812,000	-	-	812,000	812,000	-
Premium on Refunding Bonds	123,846	-	-	123,846	123,846	-
Transfers In	10,849,478	-	-	10,849,478	-	10,849,478
Transfers Out	(703,476)	-	-	-	-	-
Total Other Financing Sources (Uses)	11,081,848	-	-	11,785,324	935,846	10,849,478
Net Change in Fund Balances	2,827,663	(711,176)	(711,176)	2,198,969	924,295	1,274,674
Fund Balances, July 1, 2016	17,143,751	6,826,147	6,826,147	8,659,559	47,249	8,612,310
Fund Balances, June 30, 2017	\$ 19,971,414	\$ 6,114,971	\$ 6,114,971	\$ 10,858,528	\$ 971,544	\$ 9,886,984

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended June 30, 2017

	Capital Projects Funds		
	Total Nonmajor Capital Projects Funds	Public Education Capital Outlay Fund	Capital Outlay & Debt Service Fund
REVENUES			
State:			
CO&DS Distribution	\$ 1,218,416	\$ -	\$ 1,218,416
Public Education Capital Outlay	1,388,480	1,388,480	-
Other State Sources	26,543	-	26,543
Total State	2,633,439	1,388,480	1,244,959
 Total Revenues	 \$ 2,633,439	 \$ 1,388,480	 \$ 1,244,959

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
For the Fiscal Year Ended June 30, 2017

	Capital Projects Funds		
	Total Nonmajor Capital Projects Funds	Public Education Capital Outlay Fund	Capital Outlay & Debt Service Fund
EXPENDITURES			
Current Education:			
Facilities Acquisition and Construction	\$ 588,864	\$ 489,922	\$ 98,942
Debt Service:			
Interest and Fiscal Charges	1,229	-	1,229
Total Expenditures	590,093	489,922	100,171
Excess (Deficiency) of Revenues Over Expenditures	2,043,346	898,558	1,144,788
OTHER FINANCIAL SOURCES (USES)			
Transfers Out	(703,476)	(703,476)	-
Total Other Financial Sources (Uses)	(703,476)	(703,476)	-
Net Change in Fund Balances	1,339,870	195,082	1,144,788
Fund Balances, July 1, 2016	1,658,045	73,157	1,584,888
Fund Balances, June 30, 2017	\$ 2,997,915	\$ 268,239	\$ 2,729,676

General Fund

The General Fund is the primary operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The General Fund is reported as a major governmental fund.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct:				
Federal Impact, Current Operations	\$ 520,000	\$ 407,487	\$ 407,487	\$ -
Reserve Officers Training Corps (ROTC)	360,000	471,063	471,063	-
Other Federal Direct Sources	-	68	68	-
Total Federal Direct	<u>880,000</u>	<u>878,618</u>	<u>878,618</u>	<u>-</u>
Federal Through State and Local:				
Medicaid	1,620,000	1,519,270	1,519,270	-
Other Federal Through State and Local Sources	<u>1,025,291</u>	<u>1,123,868</u>	<u>1,123,868</u>	<u>-</u>
Total Federal Through State and Local	<u>2,645,291</u>	<u>2,643,138</u>	<u>2,643,138</u>	<u>-</u>
State:				
Florida Education Finance Program (FEFP)	150,553,374	147,813,119	147,813,119	-
Workforce Development	4,382,422	4,382,422	4,382,422	-
Workforce Education Performance Incentive	-	143,563	143,563	-
CO & DS Withheld for Administrative Expense	24,183	24,217	24,217	-
Discretionary Lottery Funds	133,369	657,935	657,935	-
Categorical Programs - Class Size Reduction	43,217,500	42,989,016	42,989,016	-
Other State Sources	<u>3,777,862</u>	<u>3,847,598</u>	<u>3,671,940</u>	<u>(175,658)</u>
Total State	<u>202,088,710</u>	<u>199,857,870</u>	<u>199,682,212</u>	<u>(175,658)</u>
Local:				
Property Taxes	88,904,049	88,907,015	88,907,015	-
Interest Income	100,000	348,604	348,604	-
Other Local Sources	<u>4,308,694</u>	<u>5,207,327</u>	<u>5,111,023</u>	<u>(96,304)</u>
Total Local	<u>93,312,743</u>	<u>94,462,946</u>	<u>94,366,642</u>	<u>(96,304)</u>
Total Revenues	<u>298,926,744</u>	<u>297,842,572</u>	<u>297,570,610</u>	<u>(271,962)</u>
EXPENDITURES				
Current - Education:				
Instruction:				
Salaries	130,845,533	131,584,458	128,809,205	2,775,253
Employee Benefits	38,406,745	37,400,671	36,970,124	430,547
Purchased Services	12,705,261	15,856,500	13,671,228	2,185,272
Energy Services	14,500	12,927	4,009	8,918
Materials and Supplies	4,200,347	5,347,763	4,255,656	1,092,107
Capital Outlay	1,978,867	2,430,968	1,673,253	757,715
Other Expenses	<u>4,618,738</u>	<u>4,101,372</u>	<u>4,099,747</u>	<u>1,625</u>
Total Instruction	<u>192,769,991</u>	<u>196,734,659</u>	<u>189,483,222</u>	<u>7,251,437</u>

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND (Continued)
For the Fiscal Year Ended June 30, 2017

	<i>General Fund</i>			<i>Variance with Final Budget - Positive (Negative)</i>
	<i>Budgeted Amounts</i>		<i>Actual Amounts</i>	
	<i>Original</i>	<i>Final</i>		
EXPENDITURES				
Current - Education: (Continued)				
Student Support Services:				
Salaries	\$ 11,659,285	\$ 11,541,980	\$ 10,679,227	\$ 862,753
Employee Benefits	3,122,124	3,051,968	3,016,081	35,887
Purchased Services	2,377,039	2,374,583	1,976,920	397,663
Energy Services	4,000	4,000	2,379	1,621
Materials and Supplies	165,098	155,345	70,333	85,012
Capital Outlay	1,500	19,941	19,931	10
Other Expenses	-	22,172	21,659	513
Total Student Support Services	<u>17,329,046</u>	<u>17,169,989</u>	<u>15,786,530</u>	<u>1,383,459</u>
Instructional Media Services:				
Salaries	3,440,000	3,453,457	3,269,069	184,388
Employee Benefits	1,009,000	974,239	973,793	446
Purchased Services	50,721	56,375	39,525	16,850
Materials and Supplies	34,338	37,375	36,114	1,261
Capital Outlay	392,260	394,234	164,295	229,939
Other Expenses	1,960	37,365	34,795	2,570
Total Instructional Media Services	<u>4,928,279</u>	<u>4,953,045</u>	<u>4,517,591</u>	<u>435,454</u>
Instruction and Curriculum Development Services:				
Salaries	5,577,763	5,912,849	5,225,523	687,326
Employee Benefits	1,045,937	1,418,790	1,418,708	82
Purchased Services	100,632	103,321	89,039	14,282
Materials and Supplies	42,385	28,089	27,826	263
Capital Outlay	1,975	3,908	3,258	650
Other Expenses	9,000	10,600	5,612	4,988
Total Instruction and Curriculum Development Services	<u>6,777,692</u>	<u>7,477,557</u>	<u>6,769,966</u>	<u>707,591</u>
Instructional Staff Training Services:				
Salaries	1,644,540	1,422,336	1,367,501	54,835
Employee Benefits	456,506	404,667	328,821	75,846
Purchased Services	721,101	1,108,258	810,023	298,235
Materials and Supplies	133,814	123,075	122,498	577
Capital Outlay	600	7,713	6,161	1,552
Other Expenses	89,969	104,490	52,826	51,664
Total Instructional Staff Training Services	<u>3,046,530</u>	<u>3,170,539</u>	<u>2,687,830</u>	<u>482,709</u>
Instruction-Related Technology:				
Salaries	1,782,005	1,813,034	1,735,150	77,884
Employee Benefits	482,605	489,467	489,372	95
Purchased Services	444,046	425,533	250,990	174,543
Materials and Supplies	19,438	2,481	809	1,672
Capital Outlay	99,500	99,500	21,285	78,215
Other Expenses	4,599	5,524	5,460	64
Total Instruction-Related Technology	<u>2,832,193</u>	<u>2,835,539</u>	<u>2,503,066</u>	<u>332,473</u>

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND (Continued)
For the Fiscal Year Ended June 30, 2017

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current - Education: (Continued)				
Board:				
Salaries	\$ 800,000	\$ 800,900	\$ 707,624	\$ 93,276
Employee Benefits	450,000	450,000	330,230	119,770
Purchased Services	215,949	214,510	209,929	4,581
Energy Services	900	350	348	2
Materials and Supplies	4,300	2,120	2,000	120
Capital Outlay	-	1,256	1,148	108
Other Expenses	26,546	30,060	7,739	22,321
Total Board of Education	1,497,695	1,499,196	1,259,018	240,178
General Administration:				
Salaries	600,000	591,300	547,168	44,132
Employee Benefits	128,000	136,700	128,528	8,172
Purchased Services	79,050	118,251	114,997	3,254
Materials and Supplies	24,300	20,000	5,651	14,349
Capital Outlay	-	831	831	-
Other Expenses	64,000	32,302	29,644	2,658
Total General Administration	895,350	899,384	826,819	72,565
School Administration:				
Salaries	12,441,933	12,720,411	12,648,474	71,937
Employee Benefits	3,273,985	3,551,609	3,431,549	120,060
Purchased Services	10,345	139,470	139,466	4
Materials and Supplies	49,007	55,342	53,564	1,778
Capital Outlay	13,741	29,166	26,730	2,436
Other Expenses	2,970	20,929	10,544	10,385
Total School Administration	15,791,981	16,516,927	16,310,327	206,600
Facilities Acquisition and Construction:				
Salaries	1,264,709	1,235,009	166,463	1,068,546
Employee Benefits	170,264	199,964	36,562	163,402
Purchased Services	121,248	120,551	29,153	91,398
Energy Services	20,750	20,230	19,637	593
Materials and Supplies	16,300	15,407	14,580	827
Capital Outlay	548,047	929,386	390,918	538,468
Other Expenses	8,550	4,350	1,362	2,988
Total Facilities Acquisition and Construction	2,149,868	2,524,897	658,675	1,866,222
Fiscal Services:				
Salaries	1,850,159	1,660,159	1,634,215	25,944
Employee Benefits	459,000	459,000	447,002	11,998
Purchased Services	671,968	828,111	144,590	683,521
Materials and Supplies	41,017	61,565	13,244	48,321
Capital Outlay	10,000	15,710	5,710	10,000
Other Expenses	7,775	13,874	13,341	533
Total Fiscal Services	3,039,919	3,038,419	2,258,102	780,317

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND (Continued)
For the Fiscal Year Ended June 30, 2017

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Current - Education: (Continued)				
Food Services:				
Salaries	\$ 150,000	\$ 168,696	\$ 78,292	\$ 90,404
Employee Benefits	5,000	6,423	2,225	4,198
Materials and Supplies	-	4,881	-	4,881
Total Food Services	155,000	180,000	80,517	99,483
Central Services:				
Salaries	2,835,000	3,850,640	3,847,526	3,114
Employee Benefits	748,500	992,003	991,186	817
Purchased Services	1,222,668	1,529,238	572,849	956,389
Energy Services	40,500	18,631	17,103	1,528
Materials and Supplies	324,111	320,297	144,926	175,371
Capital Outlay	7,026	14,745	11,670	3,075
Other Expenses	160,150	163,771	106,065	57,706
Total Central Services	5,337,955	6,889,325	5,691,325	1,198,000
Student Transportation Services:				
Salaries	8,773,000	8,791,554	8,106,578	684,976
Employee Benefits	3,385,000	3,551,096	3,550,464	632
Purchased Services	736,459	731,158	642,163	88,995
Energy Services	1,895,675	1,682,029	1,447,805	234,224
Materials and Supplies	1,180,541	1,412,649	1,332,870	79,779
Capital Outlay	261,857	261,580	125,916	135,664
Other Expenses	571,785	2,169,196	1,840,241	328,955
Total Student Transportation Services	16,804,317	18,599,262	17,046,037	1,553,225
Operation of Plant:				
Salaries	5,524,230	5,756,526	5,717,099	39,427
Employee Benefits	2,407,880	2,504,385	2,498,683	5,702
Purchased Services	5,105,049	6,298,834	6,157,843	140,991
Energy Services	11,817,905	10,739,051	9,988,909	750,142
Materials and Supplies	682,438	716,006	700,982	15,024
Capital Outlay	38,296	71,212	68,895	2,317
Other Expenses	400,400	498,198	447,623	50,575
Total Operation of Plant	25,976,198	26,584,212	25,580,034	1,004,178
Maintenance of Plant:				
Salaries	4,336,797	4,712,871	4,570,741	142,130
Employee Benefits	1,811,048	1,797,862	1,718,724	79,138
Purchased Services	2,479,373	2,551,302	2,469,265	82,037
Energy Services	240,800	201,600	200,839	761
Materials and Supplies	1,827,210	1,958,578	1,930,053	28,525
Capital Outlay	53,000	60,440	63,053	(2,613)
Other Expenses	-	1,000	772	228
Total Maintenance of Plant	10,748,228	11,283,653	10,953,447	330,206

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND (Continued)
For the Fiscal Year Ended June 30, 2017

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Current - Education: (Continued)				
Administrative Technology Services:				
Salaries	\$ 2,463,763	\$ 2,612,063	\$ 2,447,951	\$ 164,112
Employee Benefits	653,916	653,916	635,127	18,789
Purchased Services	1,800	4,300	4,246	54
Energy Services	3,000	3,000	2,631	369
Materials and Supplies	62,180	27,230	21,003	6,227
Capital Outlay	300	17,800	16,660	1,140
Other Expenses	-	4,500	4,478	22
Total Administrative Technology Services	<u>3,184,959</u>	<u>3,322,809</u>	<u>3,132,096</u>	<u>190,713</u>
Community Services:				
Salaries	114,031	234,728	214,808	19,920
Employee Benefits	36,998	123,689	92,910	30,779
Purchased Services	9,363	10,956	4,601	6,355
Materials and Supplies	520,035	255,946	36,399	219,547
Capital Outlay	-	20,470	19,852	618
Other Expenses	309,328	415,166	212,041	203,125
Total Community Services	<u>989,755</u>	<u>1,060,955</u>	<u>580,611</u>	<u>480,344</u>
Fixed Capital Outlay:				
Facilities Acquisition and Construction	3,952	82,699	72,827	9,872
Other Capital Outlay	761,038	1,110,054	791,173	318,881
Total Fixed Capital Outlay	<u>764,990</u>	<u>1,192,753</u>	<u>864,000</u>	<u>328,753</u>
Debt Service:				
Principal	10,000	-	-	-
Total Debt Service	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>315,029,946</u>	<u>325,933,120</u>	<u>306,989,213</u>	<u>18,943,907</u>
Deficiency of Revenues Over Expenditures	<u>(16,103,202)</u>	<u>(28,090,548)</u>	<u>(9,418,603)</u>	<u>18,671,945</u>
Other Financing Sources				
Loss Recoveries	1,000,000	1,865,544	1,865,544	-
Transfers In	8,246,350	8,447,462	8,197,530	249,932
Total Other Financing Sources	<u>9,246,350</u>	<u>10,313,006</u>	<u>10,063,074</u>	<u>249,932</u>
Net Change in Fund Balances	<u>(6,856,852)</u>	<u>(17,777,542)</u>	<u>644,471</u>	<u>18,422,013</u>
Fund Balances, July 1, 2016	<u>48,543,839</u>	<u>48,543,839</u>	<u>48,543,839</u>	<u>-</u>
Fund Balances, June 30, 2017	<u>\$ 41,686,987</u>	<u>\$ 30,766,297</u>	<u>\$ 49,188,310</u>	<u>\$ 18,422,013</u>

Special Revenue Funds

The special revenue funds account for certain revenues derived from the State of Florida, the Federal Government and other local and private sources that are required to finance designated activities. Activities included within the funds are as follows:

Major Special Revenue Fund

Other Federal Programs Fund - To account for and report on activities of various Federal programs of different funding sources according to the specifications and requirements of each funding source.

Nonmajor Special Revenue Fund

Food Service Fund - To account for and report on activities of the food service program in serving breakfast and lunch at the schools.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUND - FOOD SERVICE
For the Fiscal Year Ended June 30, 2017

	Food Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Through State and Local:				
Food Service	\$ 17,890,000	\$ 18,071,870	\$ 16,967,566	\$ (1,104,304)
Total Federal Through State and Local	17,890,000	18,071,870	16,967,566	(1,104,304)
State:				
Food Service	280,000	277,640	277,640	-
Other State Sources	3,000	-	-	-
Total State	283,000	277,640	277,640	-
Local:				
Charges for Food Service	3,260,000	3,018,225	2,960,429	(57,796)
Interest Income	5,500	5,830	5,830	-
Other Local Sources	-	64,935	64,935	-
Total Local	3,265,500	3,088,990	3,031,194	(57,796)
Total Revenues	21,438,500	21,438,500	20,276,400	(1,162,100)
EXPENDITURES				
Current - Education:				
Food Services:				
Salaries	4,910,000	4,942,223	4,942,223	-
Employee Benefits	2,705,400	2,548,177	2,421,013	127,164
Purchased Services	772,290	672,290	564,691	107,599
Energy Services	299,650	299,650	236,682	62,968
Materials and Supplies	10,633,510	11,091,801	11,088,494	3,307
Capital Outlay	202,550	202,550	190,251	12,299
Other Expenses	1,514,550	1,281,259	1,225,120	56,139
Total Food Services	21,037,950	21,037,950	20,668,474	369,476
Fixed Capital Outlay:				
Other Capital Outlay	436,380	436,380	319,102	117,278
Total Fixed Capital Outlay	436,380	436,380	319,102	117,278
Total Expenditures	21,474,330	21,474,330	20,987,576	486,754
Deficiency of Revenues Over Expenditures	(35,830)	(35,830)	(711,176)	(675,346)
Net Change in Fund Balances	(35,830)	(35,830)	(711,176)	(675,346)
Fund Balances, July 1, 2016	6,826,147	6,826,147	6,826,147	-
Fund Balances, June 30, 2017	\$ 6,790,317	\$ 6,790,317	\$ 6,114,971	\$ (675,346)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS
For the Fiscal Year Ended June 30, 2017

	<i>Other Federal Programs Fund</i>			<i>Variance with Final Budget - Positive (Negative)</i>
	<i>Budgeted Amounts</i>		<i>Actual Amounts</i>	
	<i>Original</i>	<i>Final</i>		
REVENUES				
Federal Direct:				
Other Federal Direct Sources	\$ 3,006,293	\$ 2,598,138	\$ 2,082,841	\$ (515,297)
Total Federal Direct	3,006,293	2,598,138	2,082,841	(515,297)
Federal Through State and Local:				
Career and Technical Education	544,312	562,108	561,788	(320)
WIOA - Adult General Education	195,036	195,037	185,932	(9,105)
Other Workforce and Innovation Opportunity Act	207,352	187,734	187,734	-
Individuals with Disabilities Education Act	11,653,137	12,002,429	10,862,600	(1,139,829)
Elementary and Secondary Education Act - Title I	13,976,233	14,125,024	13,770,105	(354,919)
Other Federal Through State and Local Sources	2,442,312	3,069,287	2,578,325	(490,962)
Total Federal Through State and Local	29,018,382	30,141,619	28,146,484	(1,995,135)
Total Revenues	32,024,675	32,739,757	30,229,325	(2,510,432)
EXPENDITURES				
Current - Education:				
Instruction:				
Salaries	4,309,254	5,302,600	5,299,641	2,959
Employee Benefits	2,224,457	1,769,181	1,714,248	54,933
Purchased Services	917,791	913,833	666,802	247,031
Materials and Supplies	1,453,605	1,436,479	1,349,583	86,896
Capital Outlay	1,436,224	1,668,689	1,623,415	45,274
Other Expenses	1,222,829	862,857	575,142	287,715
Total Instruction	11,564,160	11,953,639	11,228,831	724,808
Student Support Services:				
Salaries	696,940	783,202	774,147	9,055
Employee Benefits	219,766	258,687	246,713	11,974
Purchased Services	618,246	646,393	574,175	72,218
Materials and Supplies	184,306	165,729	110,976	54,753
Capital Outlay	27,887	12,432	8,278	4,154
Other Expenses	96,439	97,398	85,897	11,501
Total Student Support Services	1,843,584	1,963,841	1,800,186	163,655
Instructional Media Services:				
Salaries	-	76,906	76,718	188
Employee Benefits	-	12,511	12,498	13
Materials and Supplies	100	2,444	2,344	100
Capital Outlay	9,900	9,900	9,895	5
Other Expenses	-	8	-	8
Total Instructional Media Services	10,000	101,769	101,455	314

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS (Continued)
For the Fiscal Year Ended June 30, 2017

	Other Federal Programs Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Current - Education: (Continued)				
Instruction and Curriculum Development Services:				
Salaries	\$ 4,834,237	\$ 4,779,001	\$ 4,777,136	\$ 1,865
Employee Benefits	1,467,977	1,432,192	1,374,295	57,897
Purchased Services	197,957	114,576	79,997	34,579
Materials and Supplies	84,137	61,446	51,068	10,378
Capital Outlay	70,258	35,967	17,275	18,692
Other Expenses	18,250	24,436	24,078	358
Total Instruction and Curriculum Development Services	6,672,816	6,447,618	6,323,849	123,769
Instructional Staff Training Services:				
Salaries	2,783,213	2,614,842	2,334,179	280,663
Employee Benefits	746,493	699,308	661,758	37,550
Purchased Services	998,047	1,378,099	1,099,085	279,014
Energy Services	450	450	104	346
Materials and Supplies	131,900	179,768	125,105	54,663
Capital Outlay	35,719	18,913	12,073	6,840
Other Expenses	126,772	149,886	103,553	46,333
Total Instructional Staff Training Services	4,822,594	5,041,266	4,335,857	705,409
Instruction-Related Technology:				
Salaries	1,124,057	1,353,568	1,240,298	113,270
Employee Benefits	353,575	412,612	408,774	3,838
Purchased Services	5,579	2,900	1,051	1,849
Other Expenses	105,416	99,592	96,013	3,579
Total Instruction-Related Technology	1,588,627	1,868,672	1,746,136	122,536
General Administration:				
Other Expenses	1,120,638	1,300,761	1,196,410	104,351
Total General Administration	1,120,638	1,300,761	1,196,410	104,351
School Administration:				
Salaries	-	1,190	1,190	-
Employee Benefits	-	182	182	-
Purchased Services	1,869	4,100	-	4,100
Other Expenses	-	10,000	9,600	400
Total School Administration	1,869	15,472	10,972	4,500
Facilities Acquisition and Construction:				
Other Capital Outlay	11,505	15,895	15,895	-
Total Facilities Acquisition and Construction	11,505	15,895	15,895	-
Central Services:				
Salaries	28,516	22,648	20,018	2,630
Employee Benefits	10,150	8,267	7,224	1,043
Purchased Services	42,705	27,929	24,151	3,778
Other Expenses	9,035	2,523	1,434	1,089
Total Central Services	90,406	61,367	52,827	8,540

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS (Continued)
For the Fiscal Year Ended June 30, 2017

	Other Federal Programs Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Current - Education: (Continued)				
Student Transportation Services:				
Salaries	\$ 1,613,635	\$ 1,651,716	\$ 1,513,533	\$ 138,183
Employees Benefits	897,636	723,930	693,869	30,061
Purchased Services	18,730	32,849	32,647	202
Energy Services	1,994	1,994	1,518	476
Other Expenses	317,405	313,431	311,495	1,936
Total Student Transportation Services	<u>2,849,400</u>	<u>2,723,920</u>	<u>2,553,062</u>	<u>170,858</u>
Operation of Plant:				
Purchased Services	29,957	24,550	20,706	3,844
Total Operation of Plant	<u>29,957</u>	<u>24,550</u>	<u>20,706</u>	<u>3,844</u>
Administrative Technology Services:				
Salaries	58,906	58,906	40,036	18,870
Employee Benefits	16,466	16,466	12,559	3,907
Total Administrative Technology Services	<u>75,372</u>	<u>75,372</u>	<u>52,595</u>	<u>22,777</u>
Community Services:				
Employee Benefits	818	612	612	-
Purchased Services	3,255	4,257	4,257	-
Materials and Supplies	1,500	466	466	-
Other Expenses	999,525	776,614	466,867	309,747
Total Community Services	<u>1,005,098</u>	<u>781,949</u>	<u>472,202</u>	<u>309,747</u>
Fixed Capital Outlay:				
Facilities Acquisition and Construction	158	-	-	-
Other Capital Outlay	339,595	364,770	319,446	45,324
Total Fixed Capital Outlay	<u>339,753</u>	<u>364,770</u>	<u>319,446</u>	<u>45,324</u>
Total Expenditures	<u>32,025,779</u>	<u>32,740,861</u>	<u>30,230,429</u>	<u>2,510,432</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,104)</u>	<u>(1,104)</u>	<u>(1,104)</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,104)</u>	<u>(1,104)</u>	<u>(1,104)</u>	<u>-</u>
Fund Balances, July 1, 2016	<u>1,104</u>	<u>1,104</u>	<u>1,104</u>	<u>-</u>
Fund Balances, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Funds

The Debt Service Funds are used to account for the payment of interest and principal of the current portion on long-term debt.

Nonmajor Debt Service Funds

State Board of Education (SBE) Bond Fund - To account for and report on payment of principal, interest, and related costs on the State school bonds issued by the SBE on behalf of the District. These bonds are payable from the District's portion of the State-assessed motor vehicle license tax.

Other Debt Service Fund - (1) To account for and report on Certificate of Participation Issues, characterized as lease-purchase agreements. (2) To account for and report on the Sales Tax Revenue Bonds, Series 2016.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND - STATE BOARD OF EDUCATION (SBE) BONDS
For the Fiscal Year Ended June 30, 2017

	State Board of Education (SBE) Bond Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
State:				
CO&DS Withheld for SBE/COBI Bonds	\$ 378,973	\$ 371,843	\$ 371,843	\$ -
Other State Sources	-	102	102	-
Total State	<u>378,973</u>	<u>371,945</u>	<u>371,945</u>	<u>-</u>
Total Revenues	<u>378,973</u>	<u>371,945</u>	<u>371,945</u>	<u>-</u>
EXPENDITURES				
Debt Service:				
Principal	285,000	285,000	285,000	-
Interest and Fiscal Charges	93,973	98,496	98,496	-
Total Expenditures	<u>378,973</u>	<u>383,496</u>	<u>383,496</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	<u>-</u>	<u>(11,551)</u>	<u>(11,551)</u>	<u>-</u>
Other Financing Sources (Uses)				
Refunded Bonds Issued	-	812,000	812,000	-
Premium on Refunded Bonds	-	123,846	123,846	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>935,846</u>	<u>935,846</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>924,295</u>	<u>924,295</u>	<u>-</u>
Fund Balances, July 1, 2016	<u>47,249</u>	<u>47,249</u>	<u>47,249</u>	<u>-</u>
Fund Balances, June 30, 2017	<u>\$ 47,249</u>	<u>\$ 971,544</u>	<u>\$ 971,544</u>	<u>\$ -</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND - OTHER DEBT SERVICE
For the Fiscal Year Ended June 30, 2017

	Other Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local:				
Interest Income	\$ -	\$ 59	\$ 59	\$ -
Total Local	-	59	59	-
Total Revenues	-	59	59	-
EXPENDITURES				
Debt Service:				
Principal	6,106,723	6,106,723	6,106,723	-
Interest and Fiscal Charges	3,611,570	3,468,140	3,468,140	-
Total Expenditures	9,718,293	9,574,863	9,574,863	-
Deficiency of Revenues Over Expenditures	(9,718,293)	(9,574,804)	(9,574,804)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	10,849,478	10,849,478	10,849,478	-
Total Other Financing Sources (Uses)	10,849,478	10,849,478	10,849,478	-
Net Change in Fund Balances	1,131,185	1,274,674	1,274,674	-
Fund Balances, July 1, 2016	8,612,310	8,612,310	8,612,310	-
Fund Balances, June 30, 2017	<u>\$ 9,743,495</u>	<u>\$ 9,886,984</u>	<u>\$ 9,886,984</u>	<u>\$ -</u>

Capital Projects Funds

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, or for major renovation projects. Specific funding sources included herein are:

Major Capital Projects Funds

Local Capital Improvement Fund - To account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments on certificates of participation.

Other Fund - To account for the financial resources generated by the local voted sales tax and various other financial resources restricted for educational capital outlay needs, including new construction, renovation, and remodeling projects.

Nonmajor Capital Projects Funds

Public Education Capital Outlay Fund – To account for and report on funds received from the State for the construction and maintenance of schools.

Capital Outlay & Debt Service Fund – To account for and report on the excess dollars received through the State's Capital Outlay & Debt Service (CO&DS) program, used for construction and maintenance of schools.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
CAPITAL PROJECTS FUND - PUBLIC EDUCATION CAPITAL OUTLAY
For the Fiscal Year Ended June 30, 2017

	Public Education Capital Outlay Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State:				
Public Education Capital Outlay	\$ 1,388,480	\$ 1,388,480	\$ 1,388,480	\$ -
Total State	1,388,480	1,388,480	1,388,480	-
Total Revenues	<u>1,388,480</u>	<u>1,388,480</u>	<u>1,388,480</u>	<u>-</u>
EXPENDITURES				
Current - Education:				
Facilities Acquisition and Construction:				
Improvements Other Than Buildings	75,000	75,000	-	75,000
Remodeling and Renovations	666,250	683,161	489,922	193,239
Total Facilities Acquisition and Construction	741,250	758,161	489,922	268,239
Total Expenditures	<u>741,250</u>	<u>758,161</u>	<u>489,922</u>	<u>268,239</u>
Excess of Revenues Over Expenditures	<u>647,230</u>	<u>630,319</u>	<u>898,558</u>	<u>268,239</u>
Other Financing Uses				
Transfers Out	(720,387)	(703,476)	(703,476)	-
Total Other Financing Uses	<u>(720,387)</u>	<u>(703,476)</u>	<u>(703,476)</u>	<u>-</u>
Net Change in Fund Balances	<u>(73,157)</u>	<u>(73,157)</u>	<u>195,082</u>	<u>268,239</u>
Fund Balances, July 1, 2016	73,157	73,157	73,157	-
Fund Balances, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,239</u>	<u>\$ 268,239</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
CAPITAL PROJECTS FUND - CAPITAL OUTLAY AND DEBT SERVICE
For the Fiscal Year Ended June 30, 2017

	Capital Outlay & Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State:				
CO&DS Distribution	\$ 967,654	\$ 1,218,416	\$ 1,218,416	\$ -
Other State Sources	-	26,543	26,543	-
Total State	<u>967,654</u>	<u>1,244,959</u>	<u>1,244,959</u>	<u>-</u>
Total Revenues	<u>967,654</u>	<u>1,244,959</u>	<u>1,244,959</u>	<u>-</u>
EXPENDITURES				
Current - Education:				
Facilities Acquisition and Construction:				
Improvements Other Than Buildings	25,145	25,145	-	25,145
Remodeling and Renovations	1,577,895	777,895	98,942	678,953
Total Facilities Acquisition and Construction	<u>1,603,040</u>	<u>803,040</u>	<u>98,942</u>	<u>704,098</u>
Fixed Capital Outlay:				
Facilities Acquisition and Construction:				
Furniture, Fixtures, and Equipment	155,016	155,016	-	155,016
Improvements Other Than Buildings	11,289	11,289	-	11,289
Total Facilities Acquisition and Construction	<u>166,305</u>	<u>166,305</u>	<u>-</u>	<u>166,305</u>
Debt Service:				
Interest and Fiscal Charges	-	1,229	1,229	-
Total Debt Service	<u>-</u>	<u>1,229</u>	<u>1,229</u>	<u>-</u>
Total Expenditures	<u>1,769,345</u>	<u>970,574</u>	<u>100,171</u>	<u>870,403</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(801,691)</u>	<u>274,385</u>	<u>1,144,788</u>	<u>870,403</u>
Net Change in Fund Balances	<u>(801,691)</u>	<u>274,385</u>	<u>1,144,788</u>	<u>870,403</u>
Fund Balances, July 1, 2016	<u>1,584,888</u>	<u>1,584,888</u>	<u>1,584,888</u>	<u>-</u>
Fund Balances, June 30, 2017	<u>\$ 783,197</u>	<u>\$ 1,859,273</u>	<u>\$ 2,729,676</u>	<u>\$ 870,403</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
CAPITAL PROJECTS FUND - LOCAL CAPITAL IMPROVEMENT
For the Fiscal Year Ended June 30, 2017

	Local Capital Improvement Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local:				
Property Taxes	\$ 24,007,706	\$ 24,005,885	\$ 24,005,885	\$ -
Interest Income	-	75,935	75,935	-
Total Local	<u>24,007,706</u>	<u>24,081,820</u>	<u>24,081,820</u>	<u>-</u>
Total Revenues	<u>24,007,706</u>	<u>24,081,820</u>	<u>24,081,820</u>	<u>-</u>
EXPENDITURES				
Current - Education:				
Facilities Acquisition and Construction:				
Furniture, Fixtures, and Equipment	3,564,237	6,020,910	5,963,967	56,943
Improvements Other Than Buildings	257,810	87,298	68,822	18,476
Remodeling and Renovations	4,004,218	3,462,233	2,430,406	1,031,827
Computer Software	477,963	462,565	274,288	188,277
Total Facilities Acquisition and Construction	<u>8,304,228</u>	<u>10,033,006</u>	<u>8,737,483</u>	<u>1,295,523</u>
Fixed Capital Outlay:				
Other Capital Outlay:				
Furniture, Fixtures, and Equipment	1,075,356	484,844	372,299	112,545
Motor Vehicles	4,417,187	4,414,151	1,840,618	2,573,533
Improvements Other Than Buildings	49,922	412,615	92,611	320,004
Computer Software	231,357	41,080	-	41,080
Total Other Capital Outlay	<u>5,773,822</u>	<u>5,352,690</u>	<u>2,305,528</u>	<u>3,047,162</u>
Total Expenditures	<u>14,078,050</u>	<u>15,385,696</u>	<u>11,043,011</u>	<u>4,342,685</u>
Excess of Revenues Over Expenditures	<u>9,929,656</u>	<u>8,696,124</u>	<u>13,038,809</u>	<u>4,342,685</u>
Other Financing Sources (Uses)				
Transfers Out	(12,296,138)	(12,566,402)	(12,316,470)	249,932
Total Other Financing Sources (Uses)	<u>(12,296,138)</u>	<u>(12,566,402)</u>	<u>(12,316,470)</u>	<u>249,932</u>
Net Change in Fund Balances	(2,366,482)	(3,870,278)	722,339	4,592,617
Fund Balances, July 1, 2016	<u>10,842,713</u>	<u>10,842,713</u>	<u>10,842,713</u>	<u>-</u>
Fund Balances, June 30, 2017	<u>\$ 8,476,231</u>	<u>\$ 6,972,435</u>	<u>\$ 11,565,052</u>	<u>\$ 4,592,617</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
CAPITAL PROJECTS FUND - OTHER CAPITAL PROJECTS
For the Fiscal Year Ended June 30, 2017

	Other Capital Projects Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State:				
Charter School Capital Outlay	\$ 290,103	\$ 237,862	\$ 237,862	\$ -
Total State	290,103	237,862	237,862	-
Local:				
Sales Taxes	20,000,000	24,900,899	24,900,899	-
Interest Income	-	869,644	869,644	-
Total Local	20,000,000	25,770,543	25,770,543	-
Total Revenues	20,290,103	26,008,405	26,008,405	-
EXPENDITURES				
Current - Education:				
Facilities Acquisition and Construction:				
Furniture, Fixtures, and Equipment	189,565	264,464	68,293	196,171
Improvements Other Than Buildings	829,081	637,599	261,363	376,236
Remodeling and Renovations	22,602,392	21,616,929	6,236,392	15,380,537
Total Facilities Acquisition and Construction	23,621,038	22,518,992	6,566,048	15,952,944
Fixed Capital Outlay:				
Facilities Acquisition and Construction:				
Buildings and Fixed Equipment	49,868,835	85,847,053	32,248,095	53,598,958
Furniture, Fixtures, and Equipment	184,850	369,153	31,002	338,151
Land	932,238	1,192,826	260,588	932,238
Improvements Other Than Buildings	100,715	615,637	199,863	415,774
Remodeling and Renovations	676,827	-	-	-
Total Facilities Acquisition and Construction	51,763,465	88,024,669	32,739,548	55,285,121
Total Expenditures	75,384,503	110,543,661	39,305,596	71,238,065
Deficiency of Revenues Over Expenditures	(55,094,400)	(84,535,256)	(13,297,191)	71,238,065
Other Financing Sources (Uses)				
Transfers Out	(6,079,303)	(6,027,062)	(6,027,062)	-
Total Other Financing Sources (Uses)	(6,079,303)	(6,027,062)	(6,027,062)	-
Net Change in Fund Balances	(61,173,703)	(90,562,318)	(19,324,253)	71,238,065
Fund Balances, July 1, 2016	134,070,048	134,070,048	134,070,048	-
Fund Balances, June 30, 2017	\$ 72,896,345	\$ 43,507,730	\$ 114,745,795	\$ 71,238,065

Internal Service Funds

Internal service funds are nonmajor proprietary funds and are reported as governmental-type activities. They are used to account for the financing of goods or services provided by one department to other departments within the District on a cost-reimbursement basis. The following funds are included in the internal service funds:

Risk Management Fund – To account for and report on funds received for and used by the District’s self-insured property, casualty, liability, and workers’ compensation program.

Employee Benefit Trust Fund – To account for and report on funds received for and used to pay for life, health, and dental insurance issued under the District’s self-insurance program.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
PROPRIETARY FUNDS - ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities		
	Proprietary Funds - Internal Service Funds		
	Self-Insurance		
	Risk Management Fund	Employee Benefit Trust Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 26,138,277	\$ 14,048,174	\$ 40,186,451
TOTAL ASSETS	\$ 26,138,277	\$ 14,048,174	\$ 40,186,451
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 16,440	\$ 154,527	\$ 170,967
Due to Other Funds	427,472	635,388	1,062,860
Due to Other Agencies	-	25	25
Unearned Revenue	-	3,734,111	3,734,111
Estimated Insurance Claims Payable	3,104,330	1,943,222	5,047,552
Total Current Liabilities	3,548,242	6,467,273	10,015,515
Noncurrent Liabilities:			
Estimated Insurance Claims Payable	22,590,035	-	22,590,035
Total Noncurrent Liabilities	22,590,035	-	22,590,035
TOTAL LIABILITIES	26,138,277	6,467,273	32,605,550
NET POSITION			
Restricted for Employee Benefits	-	7,580,901	7,580,901
Total Net Position	-	7,580,901	7,580,901
TOTAL LIABILITIES AND NET POSITION	\$ 26,138,277	\$ 14,048,174	\$ 40,186,451

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
PROPRIETARY FUNDS - ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2017

	Governmental Activities		
	Proprietary Funds - Internal Service Funds		
	Self-Insurance		
	Risk Management Fund	Employee Benefit Trust Fund	Total
OPERATING REVENUES			
Premium Revenues	\$ 3,839,653	\$ 41,205,268	\$ 45,044,921
Other	-	531,272	531,272
Total Operating Revenues	<u>3,839,653</u>	<u>41,736,540</u>	<u>45,576,193</u>
OPERATING EXPENSES			
Salaries	247,753	142,200	389,953
Employee Benefits	62,987	42,731	105,718
Purchased Services	322,090	4,932,495	5,254,585
Energy Services	4,366	8,895	13,261
Material and Supplies	2,091	10,408	12,499
Capital Outlay	1,778	-	1,778
Insurance Claims	3,288,184	33,007,724	36,295,908
Other	391	2,685,603	2,685,994
Total Operating Expenses	<u>3,929,640</u>	<u>40,830,056</u>	<u>44,759,696</u>
Operating Income (Loss)	<u>(89,987)</u>	<u>906,484</u>	<u>816,497</u>
NONOPERATING REVENUES			
Loss Recoveries	89,987	-	89,987
Total Nonoperating Revenues	<u>89,987</u>	<u>-</u>	<u>89,987</u>
Income (Loss) Before Transfers	-	906,484	906,484
Change in Net Position	<u>-</u>	<u>906,484</u>	<u>906,484</u>
NET POSITION			
Total Net Position, July 1, 2016	-	6,674,417	6,674,417
Total Net Position, June 30, 2017	<u>\$ -</u>	<u>\$ 7,580,901</u>	<u>\$ 7,580,901</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
PROPRIETARY FUNDS - ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2017

	Governmental Activities		
	Proprietary Funds - Internal Service Funds		
	Self-Insurance		
	Risk Management Fund	Employee Benefit Trust Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Board Funds and Participants	\$ 3,839,653	\$ 42,520,936	\$ 46,360,589
Cash Received for Interfund Services	5,338	-	5,338
Cash Payments to Suppliers for Goods and Services	(314,276)	(7,602,825)	(7,917,101)
Cash Payments to Employees for Services	(310,740)	(184,931)	(495,671)
Cash Payments for Interfund Services Used	-	(775,768)	(775,768)
Cash Payments for Insurance Claims	(2,296,167)	(33,939,592)	(36,235,759)
Net Cash Provided (Used) by Operating Activities	<u>923,808</u>	<u>17,820</u>	<u>941,628</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loss Recoveries	89,987	-	89,987
Net Cash Provided (Used) by Noncapital Financing Activities	<u>89,987</u>	<u>-</u>	<u>89,987</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,013,795	17,820	1,031,615
Beginning Cash and Cash Equivalents	<u>25,124,482</u>	<u>14,030,354</u>	<u>39,154,836</u>
Ending Cash and Cash Equivalents	<u>\$ 26,138,277</u>	<u>\$ 14,048,174</u>	<u>\$ 40,186,451</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (89,987)	\$ 906,484	\$ 816,497
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) Decrease in Due From Other Agencies	-	500,000	500,000
Increase (Decrease) in Accounts Payable	16,440	35,862	52,302
Increase (Decrease) in Due to Other Funds	5,338	(775,768)	(770,430)
Increase (Decrease) in Due to Other Agencies	-	(1,286)	(1,286)
Increase (Decrease) in Unearned Revenue	-	284,396	284,396
Increase (Decrease) in Estimated Insurance Claims Payable	992,017	(931,868)	60,149
Total Adjustments	<u>1,013,795</u>	<u>(888,664)</u>	<u>125,131</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 923,808</u>	<u>\$ 17,820</u>	<u>\$ 941,628</u>

Agency Funds

Agency funds are fiduciary funds used to account for resources held by the District in a trustee capacity or as an agent for individuals or private organizations. These resources include student and club activities funds that are held in trust for student, athletic, class, club activities, etc., and a voluntary employee benefits program.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2017

	Total	Agency Funds Student and Club Activities	Employee Benefits Program
ASSETS			
Cash	\$ 3,262,836	\$ 3,209,138	\$ 53,698
LIABILITIES			
Internal Accounts Payable	\$ 3,209,138	\$ 3,209,138	\$ -
Payroll Deductions and Withholdings	53,698	-	53,698
Total Liabilities	\$ 3,262,836	\$ 3,209,138	\$ 53,698

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
June 30, 2017

		Student and Club Activities			
		<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Assets					
	Cash	\$ 3,120,489	\$ 7,597,443	\$ 7,508,794	\$ 3,209,138
Liabilities					
	Internal Accounts Payable	\$ 3,120,489	\$ 7,597,443	\$ 7,508,794	\$ 3,209,138
		Employee Benefits Program			
		<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Assets					
	Cash	\$ 46,938	\$ 6,760	\$ -	\$ 53,698
Liabilities					
	Payroll Deductions and Withholdings	\$ 46,938	\$ 6,760	\$ -	\$ 53,698
		Total			
		<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Assets					
	Cash	\$ 3,167,427	\$ 7,604,203	\$ 7,508,794	\$ 3,262,836
Liabilities					
	Internal Accounts Payable	\$ 3,120,489	\$ 7,597,443	\$ 7,508,794	\$ 3,209,138
	Payroll Deductions and Withholdings	46,938	6,760	-	53,698
	Total Liabilities	<u>\$ 3,167,427</u>	<u>\$ 7,604,203</u>	<u>\$ 7,508,794</u>	<u>\$ 3,262,836</u>

Discretely Presented Component Units

The component units' columns in the basic financial statements, include the financial data of the District's discretely presented component units.

Nonmajor Discretely Presented Component Units

The Escambia County Public Schools Foundation for Excellence, Inc. (Foundation), is a not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to raise funds, receive, hold, invest, and administer property and to make expenditures for the benefit of the District. Section 1001.453, Florida Statutes, requires the Foundation to be authorized and approved by the District. The stated mission of the Foundation is to enhance the quality of education in Escambia County Public Schools through raising and distributing funds and in-kind contributions, fostering involvement in the public system. The Foundation is considered to be a component unit of the District because the District must approve all members of the Foundation's board and the District has the ability to impose its will on the Foundation. It is considered to be a discretely presented component unit because the two boards are not the same.

Beulah Academy of Science, Inc., Jacqueline Harris Preparatory Academy, Pensacola Beach Elementary School, Inc., Escambia Charter School Inc., Byrneville Elementary School, Inc., and Capstone Academy Pensacola (Charter Schools) are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. These six charter schools operate under charters approved by their sponsor, the Board, and are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2017

Charter Schools

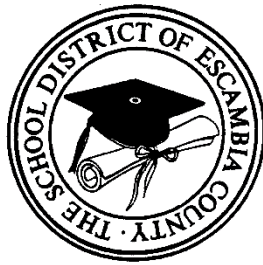
	<i>Beulah Academy of Science, Inc.</i>	<i>Jacqueline Harris Preparatory Academy</i>	<i>Pensacola Beach Elementary School, Inc.</i>	<i>Escambia Charter School, Inc.</i>
ASSETS				
Cash and Cash Equivalents	\$ 1,408,549	\$ 180,892	\$ 613,372	\$ 186,535
Accounts Receivable	-	3,475	309,162	2,224
Deposits Receivable	-	1,016	-	-
Prepaid Items	-	-	14,055	6,263
Due from Other Agencies	-	5,666	-	-
Capital Assets:				
Non-Depreciable Capital Assets	455,240	530,871	-	-
Depreciable Capital Assets, Net	1,578,600	2,647,622	2,497,509	128,351
Total Assets	3,442,389	3,369,542	3,434,098	323,373
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	-	-	180,618	-
Total Deferred Outflows of Resources	-	-	180,618	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	\$ 3,442,389	\$ 3,369,542	\$ 3,614,716	\$ 323,373
LIABILITIES				
Salaries and Benefits Payable	\$ 152	\$ -	\$ 38,749	\$ 13,859
Accounts Payable	1,314	52,597	321,153	10,669
Unearned Revenue	-	-	2,172	-
Long-Term Liabilities:				
Portion Due Within One Year:				
Notes Payable	82,698	75,296	89,135	143,572
Obligations Under Capital Leases	4,221	-	-	4,460
Compensated Absences Payable	-	-	10,432	4,267
Portion Due After One Year:				
Notes Payable	697,520	2,851,290	-	-
Obligations Under Capital Leases	11,756	-	-	6,177
Compensated Absences Payable	-	-	25,124	6,680
Pension Liability	-	-	402,387	-
Total Liabilities	797,661	2,979,183	889,152	189,684
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	-	-	12,300	-
Total Deferred Inflows of Resources	-	-	12,300	-
NET POSITION				
Net Investment in Capital Assets	1,237,645	251,907	2,497,509	117,714
Restricted for:				
Other Required Carryover Programs	-	-	-	101,114
Unrestricted	1,407,083	138,452	215,755	(85,139)
Total Net Position - Component Units	2,644,728	390,359	2,713,264	133,689
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
	\$ 3,442,389	\$ 3,369,542	\$ 3,614,716	\$ 323,373

Charter Schools			The Escambia County Public Schools Foundation for Excellence, Inc.		Total Component Units
Byrneville Elementary School, Inc.	Capstone Academy Pensacola	Total Charter Schools			
\$ 1,264,852	\$ 177,163	\$ 3,831,363	\$ 602,973	\$ 4,434,336	
-	10,738	325,599	45,895	371,494	
-	-	1,016	-	1,016	
-	-	20,318	-	20,318	
-	-	5,666	-	5,666	
-	-	986,111	-	986,111	
198,861	148,543	7,199,486	765	7,200,251	
<u>1,463,713</u>	<u>336,444</u>	<u>12,369,559</u>	<u>649,633</u>	<u>13,019,192</u>	
204,034	-	384,652	-	384,652	
<u>204,034</u>	<u>-</u>	<u>384,652</u>	<u>-</u>	<u>384,652</u>	
<u>\$ 1,667,747</u>	<u>\$ 336,444</u>	<u>\$ 12,754,211</u>	<u>\$ 649,633</u>	<u>\$ 13,403,844</u>	
\$ -	\$ 3,731	\$ 56,491	\$ -	\$ 56,491	
28,827	-	414,560	213	414,773	
-	-	2,172	-	2,172	
-	-	390,701	-	390,701	
-	-	8,681	-	8,681	
17,334	-	32,033	-	32,033	
-	-	3,548,810	-	3,548,810	
-	-	17,933	-	17,933	
11,415	-	43,219	-	43,219	
458,690	-	861,077	-	861,077	
<u>516,266</u>	<u>3,731</u>	<u>5,375,677</u>	<u>213</u>	<u>5,375,890</u>	
19,657	-	31,957	-	31,957	
<u>19,657</u>	<u>-</u>	<u>31,957</u>	<u>-</u>	<u>31,957</u>	
193,966	-	4,298,741	765	4,299,506	
-	-	101,114	552,352	653,466	
937,858	332,713	2,946,722	96,303	3,043,025	
<u>1,131,824</u>	<u>332,713</u>	<u>7,346,577</u>	<u>649,420</u>	<u>7,995,997</u>	
<u>\$ 1,667,747</u>	<u>\$ 336,444</u>	<u>\$ 12,754,211</u>	<u>\$ 649,633</u>	<u>\$ 13,403,844</u>	

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2017

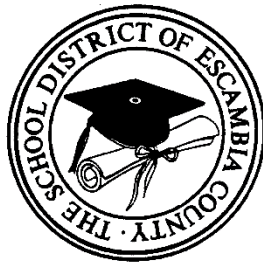
	Charter Schools			
	Beulah Academy of Science, Inc.	Jacqueline Harris Preparatory Academy	Pensacola Beach Elementary School, Inc.	Escambia Charter School, Inc.
Functions/Programs				
Expenses:				
Governmental Activities:				
Instruction	\$ 769,297	\$ 654,729	\$ 677,282	\$ 305,000
Student Support Services	870	-	-	40,891
Instructional Media Services	1,365	-	-	-
Instruction and Curriculum Development Services	-	1,851	3,617	-
Instructional Staff Training Services	280	-	339	-
Instruction-Related Technology	-	-	37,465	-
Board	-	-	-	428
General Administration	99	-	18,366	-
School Administration	272,837	202,511	189,189	3,324
Facilities Acquisition and Construction	4,305	-	194,038	23,935
Fiscal Services	13,500	44,166	34,299	140,543
Food Services	191,213	-	-	-
Central Services	93,902	-	-	49,755
Student Transportation Services	220,669	163,266	16,058	127,490
Operation of Plant	190,051	323,975	221,360	65,381
Maintenance of Plant	76,335	112,492	2,966	14,089
Unallocated Interest on Long-Term Debt	52,531	63,160	-	-
Unallocated Depreciation Expense	-	-	-	-
Total Expenses	1,887,254	1,566,150	1,394,979	770,836
Program Revenues:				
Charges for Services	47,789	-	72,000	-
Operating Grants and Contributions	258,422	120,112	159,282	134,309
Capital Grants and Contributions	-	-	42,286	-
Total Program Revenues	306,211	120,112	273,568	134,309
Net Program Expense	(1,581,043)	(1,446,038)	(1,121,411)	(636,527)
General Revenues and Special Item:				
Grants and Contributions Not Restricted to Specific Programs	1,641,417	1,349,354	1,056,573	539,986
Unrestricted Investment Earnings	-	-	6,951	904
Miscellaneous	5,154	14,207	24,816	869
Total General Revenues and Special Item	1,646,571	1,363,561	1,088,340	541,759
Change in Net Position	65,528	(82,477)	(33,071)	(94,768)
Net Position				
Net Position, July 1, 2016	2,579,200	472,836	2,746,335	228,457
Net Position, June 30, 2017	\$ 2,644,728	\$ 390,359	\$ 2,713,264	\$ 133,689

Charter Schools			The Escambia County Public Schools Foundation for Excellence, Inc.		Total Component Units
Byrneville Elementary School, Inc.	Capstone Academy Pensacola	Total Charter Schools			
\$ 927,896	\$ 504,011	\$ 3,838,215	\$ 811,625	\$ 4,649,840	
1,200	-	42,961	-	42,961	
-	-	1,365	-	1,365	
-	-	5,468	-	5,468	
-	-	619	-	619	
-	-	37,465	-	37,465	
-	50	478	-	478	
52,423	19,744	90,632	211,405	302,037	
190,604	65,293	923,758	-	923,758	
2,580	-	224,858	-	224,858	
14,800	4,015	251,323	-	251,323	
13,114	4,751	209,078	-	209,078	
-	1,253	144,910	-	144,910	
70,612	6,184	604,279	-	604,279	
132,739	29,121	962,627	-	962,627	
243	-	206,125	-	206,125	
-	3	115,694	-	115,694	
-	19,863	19,863	-	19,863	
<u>1,406,211</u>	<u>654,288</u>	<u>7,679,718</u>	<u>1,023,030</u>	<u>8,702,748</u>	
11,146	133,941	264,876	-	264,876	
65,507	55,877	793,509	-	793,509	
-	-	42,286	-	42,286	
<u>76,653</u>	<u>189,818</u>	<u>1,100,671</u>	<u>-</u>	<u>1,100,671</u>	
<u>(1,329,558)</u>	<u>(464,470)</u>	<u>(6,579,047)</u>	<u>(1,023,030)</u>	<u>(7,602,077)</u>	
1,332,744	547,968	6,468,042	780,540	7,248,582	
1,749	98	9,702	986	10,688	
59,050	-	104,096	161,796	265,892	
<u>1,393,543</u>	<u>548,066</u>	<u>6,581,840</u>	<u>943,322</u>	<u>7,525,162</u>	
63,985	83,596	2,793	(79,708)	(76,915)	
<u>1,067,839</u>	<u>249,117</u>	<u>7,343,784</u>	<u>729,128</u>	<u>8,072,912</u>	
<u>\$ 1,131,824</u>	<u>\$ 332,713</u>	<u>\$ 7,346,577</u>	<u>\$ 649,420</u>	<u>\$ 7,995,997</u>	



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STATISTICAL SECTION



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STATISTICAL SECTION

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

Contents	Page
Financial Trend Information <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	126
Revenue Capacity Information <i>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</i>	134
Debt Capacity Information <i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	140
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	144
Operating Information <i>These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	148

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
NET POSITION BY COMPONENT - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending		
	June 30, 2008	June 30, 2009	June 30, 2010
Governmental Activities:			
Net Investment in Capital Assets	\$ 188,476,535	\$ 219,815,751	\$ 225,400,496
Restricted	141,958,454	123,598,721	134,790,510
Unrestricted	<u>(8,743,741)</u>	<u>(8,902,576)</u>	<u>(3,287,909)</u>
Total Governmental Activities Net Position	<u>\$ 321,691,248</u>	<u>\$ 334,511,896</u>	<u>\$ 356,903,097</u>

Note: The District no longer has business-type activities.

Source: District Records

Fiscal Year Ending						
<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
\$ 252,115,638	\$ 254,218,697	\$ 252,132,981	\$ 269,930,903	\$ 288,526,040	\$ 234,417,599	\$ 301,633,148
107,465,893	115,478,880	119,870,743	121,223,565	115,241,269	182,241,764	129,167,248
<u>22,166,216</u>	<u>5,025,406</u>	<u>90,030</u>	<u>(2,969,337)</u>	<u>(131,632,624)</u>	<u>(140,330,443)</u>	<u>(147,573,423)</u>
<u>\$ 381,747,747</u>	<u>\$ 374,722,983</u>	<u>\$ 372,093,754</u>	<u>\$ 388,185,131</u>	<u>\$ 272,134,685</u>	<u>\$ 276,328,920</u>	<u>\$ 283,226,973</u>

DISTRICT SHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
CHANGES IN NET POSITION - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	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
Primary Government:										
Expenses:										
Governmental Activities:										
Instruction	\$ 210,699,076	\$ 205,755,887	\$ 205,951,789	\$ 209,265,786	\$ 197,679,286	\$ 202,319,715	\$ 200,433,368	\$ 206,850,659	\$ 213,251,178	\$ 214,493,605
Student Support Services	17,159,487	16,952,375	16,858,395	16,848,558	15,147,309	15,295,809	16,018,809	16,357,758	18,119,750	18,015,111
Instructional Media Services	5,591,263	5,302,170	4,761,283	4,772,147	4,223,246	4,170,561	4,224,367	4,400,081	4,763,360	4,752,394
Instruction and Curriculum Development Services	11,812,859	10,898,048	11,197,176	11,008,291	9,883,085	9,685,168	10,038,942	10,450,035	12,301,860	13,390,752
Instructional Staff Training Services	7,787,869	7,202,670	8,724,396	8,633,858	7,502,117	8,083,368	9,139,669	8,497,923	9,038,724	7,082,312
Instruction-Related Technology Board	3,267,448	3,105,661	3,923,575	4,254,642	4,054,693	4,295,397	4,401,182	4,165,597	4,598,508	4,620,276
General Administration	1,212,416	1,169,146	1,564,164	1,444,331	1,353,109	1,272,572	1,196,527	1,223,781	1,370,750	1,290,759
School Administration	1,525,336	1,609,860	3,003,731	2,653,708	1,518,541	1,581,664	2,413,878	2,211,509	1,839,932	2,043,693
Facilities Acquisition and Construction	15,674,843	14,449,919	14,170,094	14,358,227	13,427,115	14,123,325	14,787,725	14,978,087	16,420,126	16,829,076
Fiscal Services	31,604,053	22,275,464	17,510,854	15,698,815	16,667,247	9,966,883	13,506,908	19,944,374	15,877,255	17,831,416
Food Service	2,386,653	2,211,047	2,184,481	2,299,755	2,180,152	2,401,752	2,164,484	2,335,937	2,428,612	2,321,692
Central Services	18,578,045	18,394,973	18,879,371	18,486,692	20,414,794	21,199,498	20,988,484	20,515,294	20,327,540	21,082,132
Student Transportation Services	5,103,314	3,830,766	3,857,958	3,967,315	4,629,028	5,019,010	4,791,656	5,050,783	5,488,570	5,999,352
Operation of Plant	17,894,762	18,143,178	17,537,020	18,863,979	18,651,437	19,359,259	18,220,613	17,788,057	21,368,991	22,193,795
Maintenance of Plant	28,308,033	27,722,642	28,935,143	28,489,116	28,363,047	27,069,683	27,217,458	27,069,043	26,673,022	25,956,001
Administrative Technology Services	11,875,929	11,125,532	10,704,965	11,255,993	10,749,457	11,641,163	10,943,295	11,041,441	11,231,772	11,503,358
Community Services	3,813,897	3,719,871	3,681,151	3,781,038	3,891,979	3,911,729	3,948,080	3,508,846	3,586,559	3,514,601
Unallocated Interest on Long-Term Debt	897,108	985,155	1,242,581	1,084,175	1,253,975	1,458,102	1,384,546	1,119,798	1,106,272	1,069,492
Loss on Disposal of Capital Assets	3,251,291	2,876,984	2,843,124	2,643,630	2,404,644	2,105,728	1,883,019	1,855,933	3,051,758	2,149,676
	334,149	1,123,337	-	-	-	-	-	-	-	-
Total Governmental Activities	398,777,831	378,854,685	377,531,251	379,810,056	363,994,261	364,960,386	367,703,010	379,364,936	392,844,539	396,139,493
Business-Type Activities:										
Panhandle Management Development Network	8,000	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	8,000	-	-	-	-	-	-	-	-	-
Total Primary Government	398,785,831	378,854,685	377,531,251	379,810,056	363,994,261	364,960,386	367,703,010	379,364,936	392,844,539	396,139,493
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction	1,221,058	1,146,218	1,394,372	1,344,462	1,302,174	1,040,440	1,154,747	916,332	1,197,625	1,162,564
Facilities Acquisition and Construction	-	-	-	-	-	33,888	40,716	28,759	38,707	37,259
Food Services	5,901,163	5,753,396	5,282,975	5,195,911	4,734,992	4,033,654	3,827,300	3,480,641	2,897,012	2,960,429
Transportation	-	457,021	415,479	262,892	437,998	256,127	252,548	241,944	259,827	254,942
Community Services	-	-	-	-	-	394,213	393,075	424,983	471,105	475,398
Operating Grants and Contributions	22,893,049	23,782,878	13,816,659	14,392,698	15,000,374	16,029,099	15,890,352	16,484,055	18,028,039	17,245,206
Capital Grants and Contributions	12,787,860	5,549,903	2,872,668	11,338,456	1,966,452	2,583,367	2,632,234	6,094,047	4,800,120	5,133,006
Total Governmental Activities Program Revenues	42,803,130	36,689,416	23,782,153	32,534,419	23,441,990	24,370,788	24,190,972	27,670,761	27,692,435	27,268,804

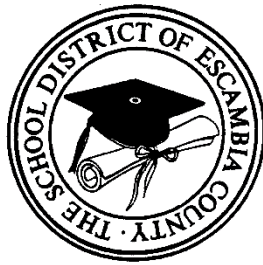
(Continued)

DISTRICT SHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
CHANGES IN NET POSITION - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	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
Total Primary Government Program Revenues	\$ 42,803,130	\$ 36,689,416	\$ 23,782,153	\$ 32,534,419	\$ 23,441,990	\$ 24,370,788	\$ 24,190,972	\$ 27,670,761	\$ 27,692,435	\$ 27,268,804
Net (Expenses)/Revenues										
Governmental Activities	(355,974,701)	(342,165,269)	(353,749,098)	(347,275,637)	(340,552,271)	(340,589,598)	(343,512,038)	(351,694,175)	(365,152,104)	(368,870,689)
Business-Type Activities	(8,000)	-	-	-	-	-	-	-	-	-
Total Primary Government Net Expenses	(355,982,701)	(342,165,269)	(353,749,098)	(347,275,637)	(340,552,271)	(340,589,598)	(343,512,038)	(351,694,175)	(365,152,104)	(368,870,689)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes:										
Levied for Operational Purposes	85,413,366	97,379,871	106,137,711	99,288,288	92,658,245	89,803,524	91,977,693	95,102,045	91,336,026	88,907,015
Levied for Capital Projects	29,869,892	27,210,547	20,066,464	18,435,553	21,989,423	21,518,559	22,777,599	21,492,708	21,709,577	24,005,885
Local Sales Taxes	20,655,828	19,438,020	18,742,256	19,643,663	20,135,054	20,944,666	21,856,254	23,376,775	24,164,744	24,900,899
Grants and Contributions Not Restricted to Specific Programs	224,459,137	204,808,168	224,485,318	230,271,976	195,648,584	202,402,869	219,193,213	222,905,305	228,438,767	233,409,076
Unrestricted Investment Earnings	5,787,426	1,743,725	492,008	295,489	158,475	77,582	96,333	584,835	681,813	1,300,072
Miscellaneous	4,756,160	3,319,666	6,216,542	4,185,317	2,937,726	3,213,169	3,702,323	3,604,535	3,015,412	3,245,795
Loss Recoveries	4,464,012	1,085,919	-	-	-	-	-	-	-	-
Transfers	4,755	-	-	-	-	-	-	-	-	-
Total Governmental Activities	375,410,576	354,985,916	376,140,299	372,120,286	333,527,507	337,960,369	359,603,415	367,066,203	369,346,339	375,768,742
Business-Type Activities:										
Transfers	(4,755)	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	(4,755)	-	-	-	-	-	-	-	-	-
Total Primary Government General Revenues and Other Changes in Net Position	375,405,821	354,985,916	376,140,299	372,120,286	333,527,507	337,960,369	359,603,415	367,066,203	369,346,339	375,768,742
Changes in Net Position:										
Governmental Activities	19,435,875	12,820,647	22,391,201	24,844,649	(7,024,764)	(2,629,229)	16,091,377	15,372,028	4,194,235	6,898,053
Adjustment to Net Position (a)	-	-	-	-	-	-	-	(131,422,474)	-	-
Business-Type Activities	(12,755)	-	-	-	-	-	-	-	-	-
Total Primary Government	\$ 19,423,120	\$ 12,820,647	\$ 22,391,201	\$ 24,844,649	\$ (7,024,764)	\$ (2,629,229)	\$ 16,091,377	\$ (116,050,446)	\$ 4,194,235	\$ 6,898,053

June 30, 2015 adjustment due to initial implementation of GASB 68 "Accounting and Financial Reporting for Pensions."

Source: District Records



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DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

Post-GASB 54		Fiscal Year Ending						
		<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
General Fund								
Nonspendable	\$	1,215,720	\$ 1,208,455	\$ 1,208,455	\$ 1,215,625	\$ 1,208,455	\$ 1,208,455	\$ 1,399,578
Restricted		9,184,279	13,311,648	9,106,284	17,486,027	13,050,637	12,301,277	14,472,496
Assigned		15,762,759	20,804,591	21,234,802	20,243,410	22,247,545	24,577,866	25,167,612
Unassigned		40,731,996	20,156,679	19,036,830	14,514,070	14,759,425	10,456,241	8,148,624
Total General Fund	\$	<u>66,894,754</u>	<u>55,481,373</u>	<u>50,586,371</u>	<u>53,459,132</u>	<u>51,266,062</u>	<u>48,543,839</u>	<u>49,188,310</u>
All Other Governmental Funds								
Nonspendable	\$	1,334,910	\$ 1,286,998	\$ 1,600,470	\$ 1,715,215	\$ 1,977,837	\$ 2,204,600	\$ 1,916,224
Restricted		92,954,183	95,657,391	106,024,402	102,022,323	91,533,061	159,853,016	144,366,037
Total All Other Governmental Funds	\$	<u>94,289,093</u>	<u>96,944,389</u>	<u>107,624,872</u>	<u>103,737,538</u>	<u>93,510,898</u>	<u>162,057,616</u>	<u>146,282,261</u>
Pre-GASB 54		Fiscal Year Ending						
		<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>				
General Fund								
Reserved for:								
Encumbrances	\$	2,352,701	\$ 1,336,715	\$ 1,609,721				
State Categorical Programs		4,293,074	7,549,726	12,581,661				
Inventories		1,422,407	1,316,108	1,270,326				
Legal Restrictions		4,267,982	3,005,887	1,706,293				
Other Purposes								
Unreserved		24,826,303	24,432,388	32,916,644				
Total General Fund	\$	<u>37,162,467</u>	<u>37,640,824</u>	<u>50,084,645</u>				
All Other Governmental Funds								
Reserved for:								
Debt Service	\$	231,418	\$ 244,188	\$ 220,117				
Encumbrances		28,393,311	13,645,239	28,830,870				
Inventories		1,078,435	1,337,149	1,178,765				
Unreserved, Reported in:								
Special Revenue Funds		3,889,807	4,779,396	5,733,237				
Debt Service Funds		4,480,160	4,715,914	4,743,512				
Capital Projects Funds		84,573,574	78,322,174	66,064,908				
Total All Other Governmental Funds	\$	<u>122,646,705</u>	<u>103,044,060</u>	<u>106,771,409</u>				

Source: District Records

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Unaudited)

	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
Revenues:										
Federal Direct:										
Federal Impact, Current Operations	\$ 1,183,926	\$ 1,018,679	\$ 765,872	\$ 920,990	\$ 724,457	\$ 701,600	\$ 550,597	\$ 615,566	\$ 520,324	\$ 407,487
Reserve Officers Training Corps (ROTC)	409,098	413,473	435,838	433,570	424,206	435,608	437,965	438,955	457,309	471,063
Other Federal Direct Sources	772,319	694,217	1,277,879	1,848,880	2,033,007	2,494,810	1,849,952	1,991,890	1,405,073	2,082,909
Total Federal Direct	2,365,343	2,126,369	2,479,589	3,203,440	3,181,670	3,632,018	2,838,514	3,046,411	2,382,706	2,961,459
Federal Through State and Local:										
Food Service	11,410,831	11,578,098	13,479,986	14,045,674	14,682,599	15,386,860	15,587,668	16,199,631	17,796,125	16,967,566
Other Federal Through State and Local Sources	31,078,529	35,881,314	61,469,091	64,993,242	34,657,795	34,719,040	34,830,597	34,186,962	32,181,086	30,789,622
Total Federal Through State and Local	42,489,360	47,459,412	74,949,077	79,038,916	49,340,394	50,105,900	50,418,265	50,386,593	49,977,211	47,757,188
State:										
Florida Education Finance Program (FEFP)	119,465,949	112,591,939	109,426,496	110,995,559	105,659,076	113,112,565	130,085,150	133,079,212	141,767,900	147,813,119
Workforce Development	5,272,821	5,041,903	4,632,491	4,532,780	4,765,518	4,778,222	4,895,677	4,880,129	4,586,924	4,525,985
Adults with Disabilities	270,706	241,255	230,654	219,164	187,087	160,690	162,244	167,298	-	-
Categorical Educational Programs	72,989,150	58,145,077	44,610,770	42,556,763	42,960,100	43,640,836	43,315,211	45,171,285	46,190,066	43,599,683
Discretionary Lottery Funds	1,880,022	942,182	106,881	143,196	125,912	-	387,403	142,093	-	657,935
CO&DS Distribution	383,269	259,043	228,989	179,241	155,363	184,231	181,172	272,230	997,774	1,218,416
CO&DS Withheld for SBE/COBI Bonds	1,270,660	1,377,051	1,383,223	1,408,787	1,449,634	1,427,398	1,441,102	1,288,789	621,725	371,843
Public Education Capital Outlay	6,231,986	3,264,046	821,950	2,262,924	-	-	-	787,693	912,198	1,388,480
Class Size Reduction	4,061,135	-	-	-	-	-	-	-	-	-
Food Service	367,566	360,688	336,673	347,024	317,775	301,994	302,684	284,424	279,694	277,640
Other State Sources	2,858,430	2,237,993	1,957,074	4,002,816	4,426,113	3,019,987	3,183,878	2,680,220	1,601,569	3,349,997
Total State	215,051,694	184,461,177	163,735,201	166,648,254	160,046,578	166,625,923	183,954,521	188,753,373	196,957,850	203,203,098
Local:										
Property Taxes	115,283,258	124,590,418	126,204,175	117,723,841	114,647,668	111,322,083	114,755,292	116,594,753	113,045,603	112,912,900
Sales Taxes	20,655,828	19,438,020	18,742,256	19,643,663	20,135,054	20,944,666	21,856,254	23,376,775	24,164,744	24,900,899
Charges for Food Service	5,901,163	5,753,396	5,282,976	5,195,911	4,734,991	4,033,654	3,827,300	3,480,641	2,897,012	2,960,429
Interest Income	5,232,574	1,683,864	453,046	281,179	141,013	55,362	96,333	596,541	734,149	1,300,072
Other Local Sources	5,976,239	4,922,904	6,201,739	5,423,005	4,289,095	4,440,036	5,718,317	5,079,049	4,734,649	5,175,958
Total Local	153,049,062	156,388,602	156,884,192	148,267,599	143,947,821	140,795,801	146,253,496	149,127,759	145,576,157	147,250,258
Total Revenues	412,955,459	390,435,560	398,048,059	397,158,209	356,516,463	361,159,642	383,464,796	391,314,136	394,893,924	401,172,003
Expenditures:										
Current - Education:										
Instruction	204,278,206	198,766,964	198,539,780	199,014,371	189,523,811	188,948,850	192,462,254	205,019,212	199,992,057	200,712,053
Student Support Services	17,053,141	16,925,918	16,780,482	16,569,587	15,268,235	14,898,648	15,986,593	16,849,656	17,679,276	17,586,716
Instructional Media Services	5,461,659	5,271,893	4,700,758	4,594,243	4,142,086	4,039,942	4,210,339	4,557,548	4,625,002	4,619,046
Instruction and Curriculum										
Development Services	11,693,817	10,950,595	11,180,453	10,918,167	9,985,299	9,438,703	9,927,607	10,540,383	12,027,098	13,093,815
Instructional Staff Training Services	7,729,025	7,271,003	8,732,663	8,636,753	7,522,735	8,025,677	9,134,087	8,576,810	8,969,552	7,023,687
Instruction-Related Technology (a)	2,814,699	2,725,577	3,468,362	3,742,020	3,551,024	3,855,314	4,035,137	3,893,039	4,210,077	4,249,202
Board	1,206,764	1,157,359	1,543,620	1,413,818	1,325,749	1,236,702	1,194,064	1,264,067	1,336,050	1,259,018

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	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
General Administration	\$ 1,504,389	\$ 1,621,018	\$ 2,963,753	\$ 2,545,919	\$ 1,405,283	\$ 1,558,318	\$ 2,409,159	\$ 2,238,154	\$ 1,817,686	\$ 2,023,229
School Administration	15,390,211	14,599,860	14,106,346	13,998,296	13,553,109	13,659,134	14,743,900	15,569,808	15,909,843	16,321,299
Facilities Acquisition and Construction	23,719,493	19,403,257	13,674,311	12,200,265	14,446,528	9,776,555	13,324,504	17,898,083	14,961,023	16,566,965
Fiscal Services	2,350,543	2,253,484	2,136,906	2,226,105	2,125,880	2,331,986	2,159,270	2,415,832	2,361,350	2,258,102
Food Service	18,262,744	17,937,965	18,256,402	17,787,701	19,800,947	20,180,916	20,629,628	20,171,124	19,979,512	20,748,991
Central Services	4,970,337	3,859,480	3,736,109	3,791,850	4,508,051	4,763,206	4,959,376	5,106,813	5,251,482	5,744,152
Student Transportation Services	16,496,816	16,637,566	15,783,172	16,556,430	16,865,818	16,134,634	16,362,999	16,274,752	18,911,080	19,599,099
Operation of Plant	28,281,523	27,700,704	28,862,677	28,290,543	28,074,548	26,741,413	27,123,194	27,292,882	26,333,337	25,600,740
Maintenance of Plant	11,547,704	10,806,804	10,268,080	10,813,898	10,196,603	10,985,410	10,592,744	10,953,267	10,706,582	10,953,447
Administrative Technology Services (a)	3,147,233	3,134,090	3,058,616	3,229,741	3,429,491	3,188,998	3,559,873	3,266,347	3,251,767	3,184,691
Community Services	896,030	985,155	1,239,929	1,081,523	1,251,320	1,446,291	1,379,526	1,123,431	1,093,821	1,052,813
Fixed Capital Outlay:										
Facilities Acquisition and Construction	21,385,160	38,905,555	15,875,764	33,036,849	11,405,823	7,643,361	23,947,575	27,810,019	16,045,856	32,812,375
Other Capital Outlay	3,174,268	2,451,582	3,080,669	2,949,474	1,723,958	2,191,130	1,381,185	1,622,740	1,458,065	3,735,249
Debt Service:										
Principal	4,434,860	4,541,769	4,380,125	4,221,187	4,213,595	4,498,680	4,697,828	4,768,768	4,316,613	6,391,723
Interest and Fiscal Charges	3,208,832	2,738,169	2,704,475	2,507,998	2,295,429	2,105,728	1,952,012	1,619,850	1,650,018	3,567,865
Total Expenditures	409,007,454	410,645,767	385,073,452	400,126,738	366,615,322	357,649,596	386,172,854	408,832,585	392,887,147	419,104,277
Excess (Deficiency) of Revenues Over Expenditures	3,948,005	(20,210,207)	12,974,607	(2,968,529)	(10,098,859)	3,510,046	(2,708,058)	(17,518,449)	2,006,777	(17,932,274)
Other Financing Sources (Uses)										
Bonds Issued	1,295,000	-	-	225,000	-	-	-	-	51,910,000	-
Refunding Bonds Issued	-	-	-	-	2,625,000	-	229,000	627,000	-	812,000
Refunding Certificates of Participation Issued	-	-	-	-	1,124,561	-	-	19,840,000	-	-
Payment to Refunding Escrow Agent	-	-	-	-	(3,986,280)	-	(186,007)	(23,126,288)	-	-
Sale of Capital Assets	2,199	-	3,195,330	-	1,669,973	924,408	1,113,573	1,877,010	1,369,143	-
Loss Recoveries	4,750,744	1,085,919	1,233	7,474,473	45,345	650,765	500,000	3,285,325	1,896,824	1,865,544
Premiums on Long-Term Debt Issued	46,756	-	-	19,346	255,174	-	36,560	2,548,722	8,641,751	123,846
Transfers In	15,448,151	15,817,649	11,996,925	11,369,796	16,156,101	16,449,253	12,691,682	13,632,905	76,884,490	19,047,008
Transfers Out	(15,443,396)	(15,817,649)	(11,996,925)	(11,792,293)	(16,549,100)	(15,748,991)	(12,691,323)	(13,585,935)	(76,884,490)	(19,047,008)
Total Other Financing Sources (Uses)	6,099,454	1,085,919	3,196,563	7,296,322	1,340,774	2,275,435	1,693,485	5,098,739	63,817,718	2,801,390
Change in Fund Balances Before Extraordinary Items	10,047,459	(19,124,288)	16,171,170	4,327,793	(8,758,085)	5,785,481	(1,014,573)	(12,419,710)	65,824,495	(15,130,884)
Net Change in Fund Balances	10,047,459	(19,124,288)	16,171,170	4,327,793	(8,758,085)	5,785,481	(1,014,573)	(12,419,710)	65,824,495	(15,130,884)
Fund Balances, Beginning	149,761,714	159,809,173	140,684,885	156,856,054	161,183,847	152,425,762	158,211,243	157,196,670	144,776,960	210,601,455
Fund Balances, Ending	<u>\$ 159,809,173</u>	<u>\$ 140,684,885</u>	<u>\$ 156,856,055</u>	<u>\$ 161,183,847</u>	<u>\$ 152,425,762</u>	<u>\$ 158,211,243</u>	<u>\$ 157,196,670</u>	<u>\$ 144,776,960</u>	<u>\$ 210,601,455</u>	<u>\$ 195,470,571</u>
Debt Service as a Percentage of Noncapital Expenditures	1.99%	1.97%	1.94%	1.83%	1.83%	1.90%	1.84%	1.68%	1.59%	2.60%

Source: District Records

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year Ending	Property Tax		Sales Tax	Total
	General Purposes	Capital Projects		
June 30, 2017	\$ 88,907,015	\$ 24,005,885	\$ 24,900,899	\$ 137,813,799
June 30, 2016	91,336,026	21,709,577	24,164,744	137,210,347
June 30, 2015	95,102,045	21,492,708	23,376,775	139,971,528
June 30, 2014	91,977,693	22,777,599	21,856,254	136,611,546
June 30, 2013	89,803,524	21,518,559	20,944,666	132,266,749
June 30, 2012	92,658,245	21,989,423	20,135,054	134,782,722
June 30, 2011	99,288,288	18,435,553	19,643,663	137,367,504
June 30, 2010	106,137,711	20,066,464	18,742,256	144,946,431
June 30, 2009	97,379,871	27,210,548	19,438,020	144,028,439
June 30, 2008	85,413,366	29,869,892	20,655,828	135,939,086

Source: District Records

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	Assessed Value				Less: Exemptions	Total Taxable Value	Ratio of Taxable Value to Assessed Value	Total Direct Rate
	Real Property	Personal Property	Centrally Assessed Property	Total Assessed Value				
2016-17	\$ 22,858,204	\$ 2,209,792	\$ 28,654	\$ 25,096,650	\$ 8,961,807	\$ 16,134,843	64.29%	6.876
2015-16	22,920,773	2,209,501	28,109	25,158,383	9,734,784	15,423,599	61.31%	7.113
2014-15	24,030,738	2,593,312	26,499	26,650,549	9,578,244	17,072,305	64.06%	7.322
2013-14	21,388,874	2,255,095	25,485	23,669,454	9,446,754	14,222,700	60.09%	7.557
2012-13	20,679,182	2,210,551	24,618	22,914,351	9,342,485	13,571,866	59.23%	7.758
2011-12	20,879,864	2,204,413	22,872	23,107,149	8,111,344	14,995,805	64.90%	7.821
2010-11	21,289,236	2,209,636	23,087	23,521,959	8,193,669	15,328,290	65.17%	7.860
2009-10	23,233,171	2,303,807	21,196	25,558,174	10,310,080	15,248,094	59.66%	7.860
2008-09	25,691,952	2,659,525	23,023	28,374,500	12,537,387	15,837,113	55.81%	7.720
2007-08	26,716,632	2,361,421	21,134	29,099,187	13,148,156	15,951,031	54.82%	7.720

Notes: Assessed values approximate estimated actual values.
Tax rates per \$1,000 of assessed value.

Sources: Escambia County Property Appraiser and Florida Department of Revenue

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(per \$1,000 Assessed Valuation)
(Unaudited)**

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Direct Rates:				
District School Board:				
Local Required Effort	4.960	5.286	5.612	5.631
Discretionary Local	0.510	0.498	0.748	0.748
Supplemental Discretionary	0.250	0.250	0.250	0.250
Capital Improvement	2.000	1.686	1.250	1.231
Total District School Board	7.720	7.720	7.860	7.860
Overlapping Rates:				
Escambia County	8.017	6.976	6.976	6.975
Escambia County Municipal Service Taxing Unit	0.685	0.685	0.685	0.685
City of Pensacola	4.598	4.540	4.540	4.540
City of Pensacola Downtown Improvement Board	2.000	2.000	2.000	2.000
Northwest Florida Water Management	0.045	0.045	0.045	0.045
Town of Century	0.781	0.823	0.905	0.905

Source: Escambia County Tax Collector

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
5.573	5.510	5.309	5.237	4.999	4.666
0.748	0.748	0.748	0.748	0.748	0.748
0.000	0.000	0.000	0.000	0.000	0.000
1.500	1.500	1.500	1.337	1.366	1.462
7.821	7.758	7.557	7.322	7.113	6.876
6.975	6.975	6.976	6.617	6.616	6.617
0.685	0.685	0.685	0.685	0.685	0.685
4.289	4.289	4.290	4.290	4.290	4.290
2.000	2.000	2.000	2.000	2.000	2.000
0.040	0.040	0.040	0.039	0.038	0.037
0.905	0.905	0.901	0.871	0.901	0.973

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
(amounts expressed in thousands)
(Unaudited)**

Taxpayer	Fiscal Year					
	2016-17			2007-08		
	Rank	Assessed Value	Percentage of Total Assessed Value	Rank	Assessed Value	Percentage of Total Assessed Value
Gulf Power Company	1	\$ 647,615	3.79%	1	\$ 430,309	2.70%
International Paper Company	2	288,767	1.69%	2	405,283	2.54%
Sacred Heart Health Systems	3	226,525	1.33%	4	172,411	1.08%
Pensacola POB / Baptist Hospital	4	117,039	0.69%	5	158,858	1.00%
Solutia, Inc. / Ascend Perf. Mat.	5	110,617	0.65%	3	181,139	1.14%
West Florida Regional Medical Center	6	104,471	0.61%	9	95,182	0.60%
Navy Federal Credit Union	7	82,770	0.48%			
City of Pensacola	8	80,648	0.47%	6	128,432	0.81%
Wal-Mart Stores, Inc.	9	70,468	0.41%			
Simon Debartolo Group / Simon Property	10	66,896	0.39%			
Bellsouth Telecommunication				8	99,868	0.63%
WCI Communities				10	73,460	0.46%
Pensacola Christian College				7	122,455	0.77%
Totals		<u>\$ 1,795,816</u>	<u>10.51%</u>		<u>\$ 1,867,397</u>	<u>11.73%</u>
 Total Estimated Assessed Value - County		<u>\$ 17,066,662</u>			<u>\$ 15,951,031</u>	

Source: Escambia County Clerk of Court, Escambia County Tax Collector

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Total Tax Levy	Fiscal Year Collections		Delinquent Collections	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2016-17	\$ 117,619,850	\$ 112,912,890	96.00%	\$ 346,574	\$ 113,259,464	96.29%
2015-16	116,836,952	109,306,823	93.56%	3,738,780	113,045,603	96.76%
2014-15	116,033,176	112,111,423	96.62%	4,483,330	116,594,753	100.48%
2013-14	114,760,128	110,015,982	95.87%	4,739,310	114,755,292	100.00%
2012-13	116,337,455	110,886,858	95.31%	435,225	111,322,083	95.69%
2011-12	119,882,566	114,257,815	95.31%	389,853	114,647,668	95.63%
2010-11	119,850,006	114,139,658	95.24%	3,584,183	117,723,841	98.23%
2009-10	124,479,688	114,199,954	91.74%	3,645,089	117,845,043	94.67%
2008-09	126,868,775	118,049,237	93.05%	873,145	118,922,382	93.74%
2007-08	123,128,068	113,579,256	92.24%	1,704,002	115,283,258	93.63%

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

Source: Escambia County Tax Collector

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities (A)					Percentage of Personal Income (B)	Per Capita (B)
	State Board of Education Bonds	Certificates of Participation	Sales Tax Revenue Bonds	Capital Leases	Total Primary Government		
2016-17	\$ 2,835,164	\$ 23,167,836	\$ 57,676,605	\$ -	\$ 83,679,605	0.703%	270
2015-16	2,225,141	27,477,464	60,551,751	-	90,254,356	0.803%	294
2014-15	2,738,580	31,635,983	-	-	34,374,563	0.315%	112
2013-14	3,954,275	35,063,539	-	-	39,017,814	0.355%	128
2012-13	5,206,286	38,611,793	-	-	43,818,079	0.406%	146
2011-12	6,410,159	42,016,050	-	-	48,426,209	0.471%	162
2010-11	7,479,885	45,087,833	-	77,967	52,645,685	0.528%	176
2009-10	8,298,895	48,028,536	-	379,304	56,706,735	0.564%	190
2008-09	9,291,284	50,840,714	-	1,038,229	61,170,227	0.624%	206
2007-08	10,233,673	53,536,829	-	2,024,988	65,795,490	0.704%	222

Sources:

(A) District Records

(B) See the table on Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2017
(Unaudited)**

Governmental Unit	State Board of Education Bonds	Sales Tax Revenue Bonds, Series 2016	Certificates of Participation	Direct Debt	
				Total Debt Outstanding	Percentage Applicable to This Governmental Unit
District School Board of Escambia County	\$ 2,835,164	\$ 57,676,605	\$ 23,167,836	\$ 83,679,605	100%

Note: Overlapping debt is that debt of local governments and Escambia county which apply to property owners within the county. Not all overlapping debt applies to all county property owners. Municipality and county debt outstanding was not determined at June 30, 2017, as their fiscal years end on September 30. Consequently there is no data to report for the District's current fiscal year.

Source: District Records

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Assessed Value	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percent of Debt Limit
2016-17	\$ 17,066,661,790	n/a	\$ -	\$ -	0.00%
2015-16	16,413,934,013	n/a	-	-	0.00%
2014-15	15,845,710,220	n/a	-	-	0.00%
2013-14	15,185,937,304	n/a	-	-	0.00%
2012-13	14,995,805,026	n/a	-	-	0.00%
2011-12	15,328,183,064	n/a	-	-	0.00%
2010-11	15,248,094,138	n/a	-	-	0.00%
2009-10	15,932,352,281	n/a	-	-	0.00%
2008-09	16,435,045,831	n/a	-	-	0.00%
2007-08	15,951,031,059	n/a	-	-	0.00%

Note: The State of Florida does not have a limit on the amount of voter-approved debt.

Source: District Records

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
 ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY
 REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS
 LAST TEN FISCAL YEARS
 (Unaudited)**

Fiscal Year	Taxable Assessed Value (A)	Annual Lease Payment	Millage Levy to Provide 1.00x Coverage (B)
2016-17	\$ 17,066,662	\$ 5,060,278	.31 Mills
2015-16	16,413,934	5,062,851	.32 Mills
2014-15	15,845,710	5,109,849	.34 Mills
2013-14	15,185,937	5,134,381	.35 Mills
2012-13	14,995,805	5,136,131	.36 Mills
2011-12	15,328,183	4,941,173	.34 Mills
2010-11	15,248,094	4,945,453	.34 Mills
2009-10	15,932,352	4,944,814	.33 Mills
2008-09	16,435,046	4,948,369	.32 Mills
2007-08	15,951,031	5,108,002	.34 Mills

Notes: (A) Final assessed value is in thousands.

(B) Millage rate calculated using 96% of the taxable assessed valuation.

Capital lease arrangements financed by Certificates of Participation are not considered general obligation debt as no specific property tax levy has been pledged.

Source: District Records

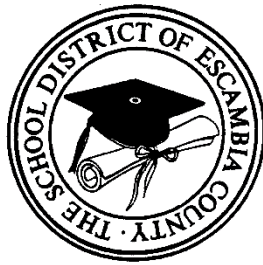
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Population (A)	Personal Income	Per Capita Personal Income (A)	Median Age (A)
2016-17	309,986	\$ 11,905,942,288	\$ 38,408	37.90
2015-16	306,944	11,243,972,608	36,632	37.90
2014-15	305,872	10,919,018,656	35,698	37.70
2013-14	305,817	10,987,087,359	35,927	37.60
2012-13	301,120	10,782,203,840	35,807	38.30
2011-12	299,511	10,284,608,718	34,338	37.40
2010-11	299,114	9,977,545,698	33,357	37.00
2009-10	297,964	10,053,901,288	33,742	38.40
2008-09	297,015	9,805,653,210	33,014	35.00
2007-08	296,854	9,350,010,438	31,497	36.80

Sources:

- (A) Population, personal income, and per capita personal income were obtained from the United States Department of Commerce, Bureau of Economic Analysis and the University of Florida, Bureau of Economic and Business Research.
- (B) Unemployment Rates were obtained from Florida Agency for Workforce Innovation, Office of Workforce Information Services, Labor Market Statistics.
- (C) Student enrollment was obtained from District records. Starting in the 2013-14 fiscal year, student enrollment figures were capped by the Florida Department of Education at 1.0 unweighted FTE which reduced total enrollment numbers.

Unemployment Rate (B)	Student Enrollment (C)	Government-wide Governmental Activities Expenses	Cost per Student
4.4%	39,859.07	\$ 396,139,493	\$ 9,939
4.7%	40,109.79	392,844,539	9,794
5.7%	40,155.69	379,364,936	9,447
6.0%	40,170.72	367,703,010	9,154
6.7%	40,340.18	364,960,386	9,047
8.7%	40,119.02	363,994,261	9,073
10.2%	39,657.75	379,810,056	9,577
10.5%	40,049.39	377,531,252	9,427
9.9%	40,259.01	378,854,685	9,410
5.5%	41,077.67	398,777,831	9,708



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**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO
(Unaudited)**

Employer	Fiscal Year					
	2016-17 ⁽¹⁾			2007-08 ⁽²⁾		
	Employees	Rank	Percentage of Labor Force	Employees	Rank	Percentage of Labor Force
Local Government	15,500	1	10.67%	15,790	1	11.32%
Federal Government	6,800	2	4.68%	7,403	2	5.31%
State of Florida	6,300	3	4.34%	5,970	3	4.28%
Baptist Healthcare	5,571	4	3.84%	3,163	5	2.27%
Navy Federal Credit Union	5,325	5	3.67%			
Sacred Heart Health Systems	4,820	6	3.32%	5,000	4	3.58%
Gulf Power Company	1,774	7	1.22%	1,400	7	1.00%
West Florida Healthcare	1,200	8	0.83%	1,300	9	0.93%
Solutia, Inc. / Ascend Perf. Materials	830	9	0.57%	1,400	8	1.00%
West Corporation	800	10	0.55%			
University of West Florida				1,231	10	0.88%
Lakeview Center				2,000	6	1.43%
Total	48,920		33.69%	44,657		32.00%
Escambia County labor force	145,250			139,534		

Sources:

- (1) Pensacola Chamber of Commerce
Escambia County Clerk of Court
Federal Reserve Bank of St. Louis Economic Research (FRED)
- (2) Escambia County Florida, 2008 Comprehensive Annual Financial Report (CAFR)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA
LAST TEN FISCAL YEARS
(Unaudited)

	Placed in Service ⁽¹⁾	Square Footage ⁽²⁾	Portables	Full-Time Equivalent Enrollment Data		
				2007-08	2008-09	2009-10
Elementary Schools/K-8						
Allen Elementary	1956	86,479		633.18	590.63	582.19
Bellview Elementary	1950	98,997	1	762.67	722.02	730.25
Beulah Elementary	1980	111,503	18	724.57	767.96	817.78
Bibbs Elementary	1962	57,871		344.17	336.40	328.55
Blue Angels Elementary	1999	127,545	2	815.10	860.56	925.00
Bratt Elementary	1980	74,925	4	394.02	393.28	429.61
Brentwood Elementary	1937	69,447	9	450.24	413.87	500.41
Caro Elementary	1989	116,550	8	864.49	908.50	947.05
Carver/Century K-8	1958	61,793	1	203.75	213.65	
Cook Elementary	1997	119,728		588.18	608.90	623.68
Cordova Park Elementary	1962	92,107	8	673.04	658.14	676.26
Edgewater Elementary	1962	51,663		350.82	350.87	
Ensley Elementary	1959	71,923	10	374.90	348.21	354.68
Ferry Pass Elementary	1957	85,515	9	646.94	619.81	687.15
Global Learning Academy	2011	130,802				
Hallmark Elementary	1928	36,993	3	241.43	225.34	212.56
Holm Elementary	1999	110,183	1	550.19	534.63	517.04
Lincoln Park Elementary	1961	64,344	1	279.94	247.52	214.04
Lipscomb Elementary	1991	125,937	11	950.12	1,018.97	1,005.05
Longleaf Elementary	1975	91,612	3	802.02	746.02	670.47
McArthur Elementary	1975	107,456	11	719.12	714.42	726.02
Molino Park Elementary	2002	129,694		463.95	431.27	390.37
Montclair Elementary	1960	69,989	2	321.92	473.91	458.55
Myrtle Grove Elementary	1936	82,080	6	679.32	651.69	684.76
Navy Point Elementary	1954	79,369		384.27	331.85	397.30
Oakcrest Elementary	1956	81,602	19	447.43	426.31	413.72
Pine Meadow Elementary	1960	92,782	13	780.37	797.83	835.71
Pleasant Grove Elementary	1948	70,718	6	658.23	645.02	648.00
Scenic Heights Elementary	1960	108,940	8	694.10	779.99	837.44
Semmes Elementary	1955	71,164		286.23	266.07	297.80
Sherwood Elementary	1958	85,082	1	524.10	518.14	489.16
Suter Elementary	2015	110,295		381.17	367.55	385.52
Warrington Elementary	1947	74,228	10	392.79	369.93	502.06
Weis Elementary	1990	111,524		548.52	533.02	517.78
West Pensacola Elementary	1955	76,650	8	461.44	455.00	530.31
Yniestra Elementary	1938	39,600	1	281.97	235.79	234.89
Total Elementary Schools			174	18,674.70	18,563.07	18,571.16
Middle Schools						
Bailey Middle School	1993	201,368	12	1,504.05	1,488.20	1,453.50
Bellview Middle School	1961	161,835	8	1,192.10	1,099.50	1,060.30
Brentwood Middle School	1955	88,445				
Brown Barge Middle School ⁽³⁾	1955	98,810	3	631.00	652.71	634.00
Brownsville Middle School	1955	106,664				
Ferry Pass Middle School	1961	147,017	1	880.80	894.56	873.37
Ransom Middle School	1987	190,378	11	1,365.31	1,325.81	1,310.05
Ward Middle School	2015	121,676		458.50	461.49	519.31
Warrington Middle School	1953	138,041	4	892.00	854.80	850.71
Wedgewood Middle School	1964	85,650				
Woodham Middle School	1964	236,668	1	1,012.60	928.50	924.90
Workman Middle School	1962	156,155	2	850.02	866.11	867.10
Total Middle Schools			42	8,786.38	8,571.68	8,493.24

Full-Time Equivalent Enrollment Data

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
652.44	628.36	632.13	563.93	577.49	616.68	613.47
672.10	698.00	746.50	696.10	720.25	750.09	761.17
844.84	887.80	896.00	920.11	967.64	963.52	991.32
242.86						
871.90	884.76	989.10	849.17	913.43	943.19	881.70
422.30	436.02	438.91	414.96	401.14	418.33	425.33
535.68	542.87	555.39	616.97	585.98	578.77	557.12
912.02	943.06	908.97	952.20	954.91	895.03	837.11
658.59	628.50	635.72	622.13	579.89	587.39	593.80
659.22	713.52	677.22	707.88	680.48	682.43	704.79
406.52	442.93	427.16	457.85	474.93	493.22	474.93
706.56	708.42	622.66	688.46	724.37	679.90	591.64
	780.06	753.14	757.43	757.96	726.80	739.26
210.84						
491.35	471.58	430.67	440.04	470.40	499.21	489.95
225.60	261.56	276.44	140.02	147.40	179.88	172.38
945.39	903.03	911.39	926.99	931.84	921.90	879.04
717.83	730.88	690.67	784.36	772.13	770.94	722.20
704.10	686.64	693.60	740.55	762.06	770.49	752.01
387.18	397.26	387.26	381.35	415.13	410.79	422.45
332.80	373.04	363.04	341.33	308.66	356.06	314.68
661.41	662.82	677.72	703.69	606.89	657.60	611.09
435.80	481.62	483.58	508.65	449.89	495.59	571.33
448.61	470.03	518.35	602.87	663.55	568.83	518.23
844.88	856.67	909.03	942.99	905.42	920.55	906.51
666.57	675.09	680.62	631.70	729.36	670.16	626.56
782.45	780.00	841.67	872.57	762.30	815.99	801.85
263.26	335.69	366.24	405.43	397.86	377.29	429.06
532.50	509.20	526.66	589.50	605.46	615.82	598.21
400.23	367.58	434.72	423.62	437.37	538.94	586.77
516.25	508.12	483.24	485.95	425.29	429.36	379.78
464.15	487.68	492.60	573.90	545.03	494.12	444.33
499.98	497.94	472.12	404.83	425.20	439.63	506.95
256.63						
<u>18,372.84</u>	<u>18,750.73</u>	<u>18,922.52</u>	<u>19,147.53</u>	<u>19,099.71</u>	<u>19,268.50</u>	<u>18,905.02</u>
1,479.60	1,406.93	1,400.90	1,481.31	1,389.71	1,345.55	1,355.79
1,107.60	1,071.40	1,110.69	980.69	1,019.59	1,009.27	972.73
617.50	610.70	620.99	594.23	576.87	536.36	549.83
946.00	889.82	980.71	1,011.74	987.37	1,023.05	1,049.24
1,312.30	1,356.40	1,360.09	1,429.64	1,392.08	1,331.97	1,388.04
480.00	465.58	461.33	458.58	453.79	459.52	432.56
731.11	727.70	705.79	649.87	672.76	666.21	680.24
912.63	853.80	805.80	699.61	687.07	821.14	769.52
936.43	921.42	1,008.49	979.62	941.48	852.49	779.94
<u>8,523.17</u>	<u>8,303.75</u>	<u>8,454.79</u>	<u>8,285.29</u>	<u>8,120.72</u>	<u>8,045.56</u>	<u>7,977.89</u>

(continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHOOL BUILDING INFORMATION & FULL-TIME EQUIVALENT ENROLLMENT DATA
LAST TEN FISCAL YEARS
(Unaudited)

	Placed in Service ⁽¹⁾	Square Footage ⁽²⁾	Portables	Full-Time Equivalent Enrollment Data			
				2007-08	2008-09	2009-10	2010-11
High Schools							
Escambia High School	1958	283,880	6	1,920.58	1,895.15	1,873.29	1,811.94
West Florida High School of Advanced Technology	1967	338,380	12	1,284.46	1,300.88	1,296.67	1,279.41
Northview High School	1993	148,273	1	551.61	546.10	552.65	541.38
Pensacola High School	1949	288,059	5	1,483.93	1,532.93	1,641.12	1,607.20
Pine Forest High School	1974	246,196	14	1,958.50	1,833.24	1,876.25	1,744.28
Tate Senior High School	1950	318,045	1	1,967.59	1,909.05	1,955.85	1,928.49
Washington High School	1976	276,563	8	1,875.50	1,691.68	1,634.31	1,591.01
Woodham High School	1962	115,126					
Total High Schools			47	11,042.17	10,709.03	10,830.14	10,503.71
Special Centers							
Judy Andrews Pre-K Center	1965	20,458		47.50	44.00		
Clubbs Alternative Middle School	1938	35,459		146.50	148.50	85.50	
Judy Andrews Second Chance Center ⁽⁴⁾	1954	45,495				53.50	52.00
E-Seal Center	1992	36,527	5	85.59	83.97	85.31	
Sid Nelson Community Learning	1956	56,836		122.10	143.75	154.24	
McMillian Learning Center	1961	44,979	5	61.74	65.49	70.36	84.30
Teenage Parent PK	n/a	n/a	n/a				
George Stone Technical Center ⁽⁵⁾	1967	219,913	5				
Escambia Westgate Center	1979	105,275	5	221.16	218.64	226.07	232.00
OASIS High School Preparatory Academy	1965			72.00	72.00		
Total Special Centers			20	756.59	776.35	674.98	368.30
Other Programs							
Camelot	n/a	n/a	n/a				182.50
District Administered Programs	n/a	n/a	n/a	153.18	147.00	123.93	108.46
Escambia County Jail	n/a	n/a	n/a	1.23	1.35	4.65	2.90
Escambia Juvenile Justice Center	n/a	n/a	n/a	96.33	70.00	50.00	44.50
Hospital & Homebound	n/a	n/a	n/a	16.24	14.13	10.07	9.99
Drug and Alcohol Residential Treatment Center (DAART)	n/a	n/a	n/a	17.50	16.00	15.00	16.00
Lakeview Center	n/a	n/a	n/a	41.50	40.00	36.50	29.00
Escambia Boys Base	n/a	n/a	n/a	37.02	26.02	25.50	24.50
Escambia Bay Marine	n/a	n/a	n/a	68.30	72.00	55.50	54.00
Outward Bound	n/a	n/a	n/a				
PACE Center for Girls	n/a	n/a	n/a	63.30	51.00	53.00	50.50
McKay Scholarships	n/a	n/a	n/a	144.00	163.00	192.00	235.00
Opportunity Scholarships	n/a	n/a	n/a				
Total Other Programs				638.60	600.50	566.15	757.35
Charter Schools							
A. A. Dixon Charter School of Excellence	n/a	n/a	n/a				220.30
Beulah Academy of Science, Inc.	n/a	n/a	n/a	239.20	261.70	261.60	261.30
Byrneville Elementary School, Inc.	n/a	n/a	n/a	162.70	166.80	178.60	161.40
Capstone Academy Pensacola	n/a	n/a	n/a	13.50	18.82	24.84	25.93
Escambia Charter School, Inc.	n/a	n/a	n/a	121.50	130.50	126.00	107.50
Dr. Ruby J. Gainer School for Reaching Your Dream	n/a	n/a	n/a	109.88	113.50		
Jacqueline Harris Preparatory Academy	n/a	n/a	n/a	194.30	203.30	182.00	214.50
Life Skills Center	n/a	n/a	n/a	213.29			
Five Flags Academy	n/a	n/a	n/a				
Newpoint Academy Middle School	n/a	n/a	n/a				
Newpoint Pensacola High School	n/a	n/a	n/a				
Pensacola Beach Elementary School, Inc.	n/a	n/a	n/a	124.86	143.76	140.68	141.45
Total Charter Schools				1,179.23	1,038.38	913.72	1,132.38
Virtual Instruction Programs	n/a	n/a	n/a				
Total District				41,077.67	40,259.01	40,049.39	39,657.75

⁽¹⁾ Original date that the school was placed in service. This date does not reflect additions, renovations, replacements or remodeling.

⁽²⁾ Square footage includes portables and modulars in addition to permanent buildings.

⁽³⁾ Brown-Barge moved to the former Brentwood Middle facility in 2007-08.

⁽⁴⁾ Formerly known as Dixon Educational Center until the 2006-07 fiscal year.

⁽⁵⁾ The George Stone Center houses adult programs which do not typically generate Full Time Enrollment (FTE) except for dual enrollment during 2015-16 school year.

Source: District Records

Full-Time Equivalent Enrollment Data

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1,786.06	1,646.34	1,678.82	1,707.46	1,656.07	1,683.17
1,249.58	1,245.51	1,254.39	1,257.06	1,260.21	1,307.05
540.27	535.95	495.89	481.26	487.65	476.77
1,611.19	1,571.52	1,463.15	1,419.10	1,403.39	1,360.71
1,702.56	1,729.23	1,646.97	1,674.06	1,628.62	1,582.40
1,884.06	1,969.99	1,928.67	2,073.34	2,144.00	2,095.49
1,609.95	1,623.54	1,626.17	1,711.79	1,720.77	1,730.68
<u>10,383.67</u>	<u>10,322.08</u>	<u>10,094.06</u>	<u>10,324.07</u>	<u>10,300.71</u>	<u>10,236.27</u>
40.51	38.76	40.72	42.99	57.09	100.11
68.15	49.14	38.95	25.51	16.96	21.84
				12.33	24.00
				0.31	
246.00	238.50	242.49	228.83	228.47	231.49
<u>354.66</u>	<u>326.40</u>	<u>322.16</u>	<u>297.33</u>	<u>315.16</u>	<u>377.44</u>
154.00	160.00	177.75	181.05	177.80	153.30
102.20	90.44	92.98	100.45	82.83	70.09
9.00	17.00	15.13	17.30	28.14	21.46
58.22	49.53	48.09	52.05	36.42	60.49
12.28	9.33	9.85	14.76	6.08	9.03
18.50	16.00	16.41	12.45	12.68	13.61
29.50	28.50	26.63	24.90	43.48	46.66
27.66	19.17	28.38	30.34	34.39	33.02
74.55	59.12	31.69			
66.80	63.43	62.61	72.62	69.10	73.48
235.00	248.50	316.71	328.86	311.35	386.00
<u>787.71</u>	<u>761.02</u>	<u>826.23</u>	<u>834.78</u>	<u>802.27</u>	<u>867.14</u>
156.50	160.00				
282.90	282.60	288.04	286.55	289.88	286.68
157.10	158.80	174.10	191.63	206.72	206.50
21.51	25.50	26.00	23.42	24.93	32.86
126.50	114.00	120.03	115.26	103.73	90.62
188.00	174.50	197.63	179.94	209.75	203.64
			89.44		
189.10	166.80	158.33	172.87		
81.50	91.03	113.23	109.43		
135.45	138.26	135.34	138.00	139.10	150.09
<u>1,338.56</u>	<u>1,311.49</u>	<u>1,212.70</u>	<u>1,306.54</u>	<u>974.11</u>	<u>970.39</u>
<u>199.94</u>	<u>241.88</u>	<u>282.75</u>	<u>172.54</u>	<u>403.48</u>	<u>524.92</u>
<u>40,119.02</u>	<u>40,340.18</u>	<u>40,170.72</u>	<u>40,155.69</u>	<u>40,109.79</u>	<u>39,859.07</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
NUMBER OF PERSONNEL
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	(A) Instructional	(B) Administrative	(C) Support Services	Total	Ratio of Students (FTE) to Instructional Personnel	Ratio of Instructional Personnel to Administrators
2016-17	3,082	178	2,040	5,300	12.93	17.31
2015-16	3,097	177	2,053	5,327	12.97	17.50
2014-15	3,138	173	2,050	5,361	12.80	18.14
2013-14	3,161	164	1,870	5,195	12.71	19.27
2012-13	3,083	160	1,938	5,181	13.08	19.27
2011-12	3,087	160	2,042	5,289	13.00	19.29
2010-11	3,203	160	1,912	5,275	12.38	20.02
2009-10	3,194	164	2,112	5,470	11.94	19.48
2008-09	3,404	181	2,171	5,756	11.59	18.81
2007-08	3,382	171	2,205	5,758	11.93	19.78

(A) Classroom Teachers, Guidance/Psychologists, Exceptional Education Teachers, Media Specialists, Other Professional Instructional Staff

(B) Principals, Assistant Principals, Superintendent, Assistant Superintendent, Executive Directors, Directors, Managers, Coordinators

(C) Paraprofessional, Bus Drivers, Monitors, Maintenance, Clerical, Etc.

Sources: District Records, Florida Department of Education Staff Reports

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
TEACHERS' SALARIES
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Minimum Range 10-Month Salary (a)	Maximum Range 10-Month Salary (a)	Average Teacher Salary
2016-17	\$ 36,810 - \$ 40,410	\$ 59,374 - \$ 62,974	\$ 47,632
2015-16	36,446 - 40,046	58,786 - 62,386	45,171
2014-15	35,872 - 39,472	56,250 - 59,850	44,841
2013-14	34,152 - 37,752	55,635 - 59,235	44,254
2012-13	33,482 - 37,082	53,026 - 56,626	42,619
2011-12	32,825 - 36,425	51,986 - 55,586	41,989
2010-11	32,825 - 36,425	51,986 - 55,586	41,560
2009-10	32,500 - 36,100	51,471 - 55,071	42,346
2008-09	32,000 - 35,600	51,000 - 54,600	41,430
2007-08	32,000 - 35,600	51,000 - 54,600	41,551

(a) Minimum and maximum salary ranges are based on the educational level of the employee. The starting amount represents a bachelor's degree and the ending amount represents an in-field doctorate degree. Employees may earn additional pay for the following degree levels: in-field masters (\$2,500); out-of-field masters (\$1,700); in-field specialist (\$3,100); out-of-field specialist (\$2,600); in-field doctorate (\$3,600); out-of-field doctorate (\$3,300). Employees may also receive additional compensation for working 11 or 12 months.

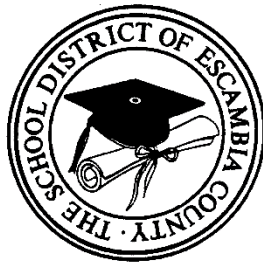
Sources: Minimum & Maximum Salaries - District Records; Average Teacher Salaries - Florida Department of Education.

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
FOOD SERVICE OPERATING DATA
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year Ending			
	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Days Meals were Served	180	180	177	180
Average Number of Free and Reduced Meals Served Daily	26,440	27,681	29,557	30,082
Number of Free and Reduced Meals Served	4,759,284	4,982,623	5,231,541	5,414,671
Average Daily Subsidy Received	\$ 65,436	\$ 71,958	\$ 78,042	\$ 79,942
Total Subsidy Received	\$ 11,778,397	\$ 12,952,440	\$ 13,813,367	\$ 14,389,546
Average Number of Meals Served Daily	33,365	33,766	35,511	35,774
Number of Meals Served	6,005,633	6,077,927	6,285,394	6,439,395
Average Daily Revenues	\$ 98,927	\$ 104,226	\$ 107,987	\$ 108,906
Total Revenues	\$ 17,806,948	\$ 18,760,744	\$ 19,113,616	\$ 19,603,137
Average Daily Costs	\$ 103,911	\$ 99,617	\$ 102,972	\$ 99,434
Total Costs	\$ 18,704,011	\$ 17,931,037	\$ 18,226,102	\$ 17,898,106

Source: District Records

Fiscal Year Ending					
June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
180	177	175	180	180	179
31,288	30,980	30,792	30,809	32,567	31,442
5,631,896	5,483,459	5,388,581	5,545,625	5,862,052	5,628,083
\$ 83,309	\$ 88,638	\$ 90,802	\$ 1,580	\$ 90,295	\$ 89,222
\$ 14,995,628	\$ 15,688,854	\$ 15,890,352	\$ 284,424	\$ 16,253,037	\$ 15,970,789
36,613	36,473	35,870	35,751	35,875	34,462
6,590,289	6,455,792	6,277,235	6,435,127	6,457,472	6,168,739
\$ 109,692	\$ 111,500	\$ 112,721	\$ 110,961	\$ 116,613	\$ 113,276
\$ 19,744,479	\$ 19,735,430	\$ 19,726,102	\$ 19,973,056	\$ 20,990,375	\$ 20,276,400
\$ 111,823	\$ 118,833	\$ 118,158	\$ 112,483	\$ 111,525	\$ 117,249
\$ 20,128,069	\$ 21,033,403	\$ 20,677,648	\$ 20,246,983	\$ 20,074,488	\$ 20,987,576



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SINGLE AUDIT

*DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
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 (1)
United States Department of Agriculture:			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	17002	\$ 4,141,361
National School Lunch Program	10.555	17001	12,632,612
Summer Food Service Program for Children	10.559	17006	<u>128,846</u>
Total Child Nutrition Cluster			<u>16,902,819</u>
Florida Department of Agriculture and Consumer Services:			
Fresh Fruit and Vegetable Program	10.582	17004	<u>43,712</u>
Florida Department of Health:			
Child and Adult Care Food Program	10.558	5033	<u>21,036</u>
Total United States Department of Agriculture			<u>16,967,567</u>
United States Department of Defense:			
Direct:			
Army Junior Reserve Officers Training Corps	12.UNK	N/A	71,911
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	342,933
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	56,219
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N/A	<u>1,319,372</u>
Total United States Department of Defense			<u>1,790,435</u>
United States Department of Labor:			
Indirect:			
WIOA Cluster:			
Workforce Escarosa, Inc.:			
WIOA Youth Activities	17.259	2016-2017-03	<u>187,734</u>
Total United States Department of Labor			<u>187,734</u>
United States Department of Education:			
Direct:			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	N/A	<u>760,879</u>
Impact Aid	84.041	N/A	<u>407,487</u>
Total Direct			<u>1,168,366</u>
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	262, 263	10,425,118
Special Education - Preschool Grants	84.173	266, 267	<u>437,482</u>
Total Special Education Cluster			<u>10,862,600</u>
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191	185,932
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	13,512,572
Migrant Education - State Grant Program	84.011	217	257,532
Career and Technical Education - Basic Grants to States	84.048	161	561,788
Education for Homeless Children and Youth	84.196	127	112,273
English Language Acquisition Grants	84.365	102	76,182
Improving Teacher Quality State Grants	84.367	224	<u>2,389,870</u>
Total Florida Department of Education			<u>17,096,149</u>

*DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
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 (1)
Total Indirect			27,958,749
Total United States Department of Education			29,127,115
United States Department of Health and Human Services:			
Indirect:			
Community Action Community - Head Start:			
Head Start	93.600	None	658,273
Total United States Department of Health and Human Services			658,273
Total Expenditures of Federal Awards			<u>\$ 48,731,124</u>

Notes:

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Escambia County District School Board under programs of the Federal government for the fiscal 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 financial position, changes in net position, or cash flows of the District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

(4) Noncash Assistance:

(A) National School Lunch Program - Includes \$801,652.52 of donated food received during the fiscal year. Donated foods are recorded at fair value as determined at the time of donation.

(5) Impact Aid - Expenditures are related to grant numbers/programs as follows: 19-FL-2015-0001 (\$50,913.33) and 19-FL-2017-0001 (\$356,573.92).



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with 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 Escambia County District School Board, 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 December 11, 2017, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the employee benefit trust fund, a blended component unit, and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a

timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 11, 2017
Audit Report No. 2018-062



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for the Major Federal Program

We have audited the Escambia County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major Federal program for the fiscal year ended June 30, 2017. The District's major Federal program is identified in **SECTION I - SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 11, 2017
Audit Report No. 2018-062

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major Federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major Federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major Federal program:	
CFDA Numbers: 10.553, 10.555, and 10.559	Name of Federal Program or Cluster: Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$1,461,933
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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