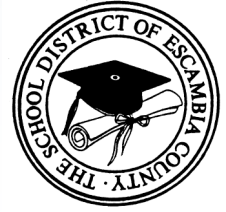


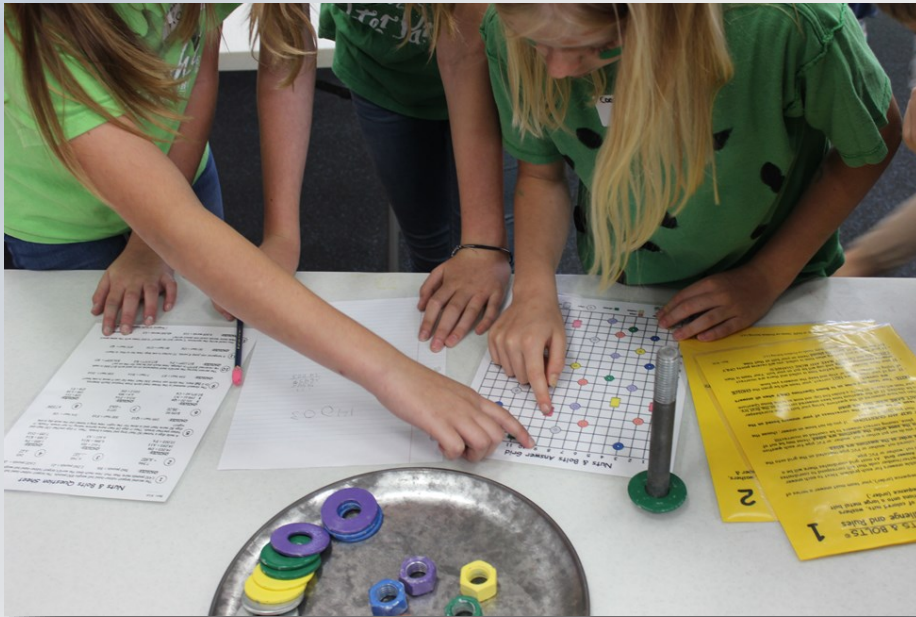
The District School Board of
Escambia County
Pensacola, Florida



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2018**

***Superintendent
Malcolm Thomas***



**DISTRICT 2
Gerald Boone
Chairman**

**DISTRICT 4
Patty Hightower
Vice Chairman**

**DISTRICT 1
Kevin Adams**

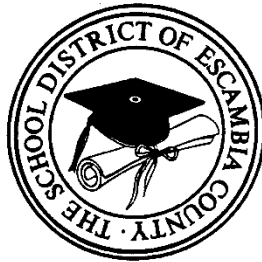
**DISTRICT 3
Lee Hansen**

**DISTRICT 5
Bill Slayton**

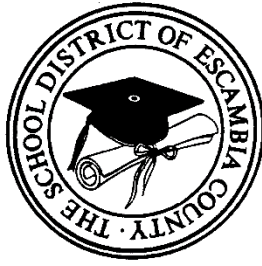
District School Board
Of Escambia County
Pensacola, Florida

Comprehensive Annual
Financial Report

For The
Fiscal Year
Ended June 30, 2018



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, 2018

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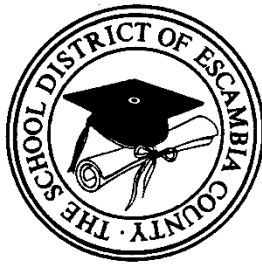
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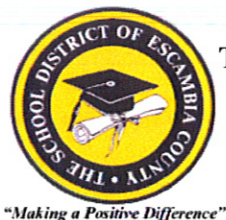
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INTRODUCTORY SECTION



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THE SCHOOL DISTRICT OF ESCAMBIA COUNTY

75 NORTH PACE BOULEVARD

PENSACOLA, FL. 32505

PH (850)432-6121 FX (850)469-6379

<http://www.escambia.k12.fl.us>

MALCOLM THOMAS, SUPERINTENDENT

December 3, 2018

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, 2018.

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 Moore Stephens Lovelace CPAs. 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, 2018, 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, 2018, 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 2017-18 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, 2018, was 10.9 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 2017-18 fiscal year, the District provided general, special, vocational, and other education programs to 39,807 unweighted full-time equivalent students (UFTE), a decrease of 52

UFTE over the prior fiscal year (39,859). Based on forecasting models, the District projects its 2018-19 student membership to further decrease in number to 39,499 UFTE which represents a decline of 308 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 313,381. The population has increased by approximately 16,366 or 5.5 percent over the last 10 years (297,015). The statewide increase during that period has been approximately 2 percent. The Escambia county unemployment rate has decreased from 4.4 percent a year ago to 3.9 percent in June 2018.

Local sales tax revenues continue to increase on a yearly basis. Current year receipts totaled \$26.7 million which was a 7.2 percent increase over the 2016-17 fiscal year (\$24.9 million). In addition, school taxable property values in Escambia County grew 5 percent over the same period.

Per pupil funding for the Escambia County School District was \$7,109 per UFTE, an increase of only \$3 over the 2016-17 fiscal year (\$7,106). The funding formula is made up of both state and local revenue as required by the Florida Education Finance Program (FEFP). The FEFP is composed of several funding components including local ad valorem taxes and state categorical programs.

The total fund balance of the District's General Fund decreased by \$4,022,070 from the 2016-17 fiscal year. This indicates that operating funds were insufficient to cover required expenditures.

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 began a new, voter approved, 10-year referendum in January; its fourth referendum overall and the second consecutive ten year term. One hundred percent of the District's sales tax funds are used for new construction, renovations, and certain retrofit projects for its school facilities.

During the November 2014 general election, the District won early renewal of the current referendum and, accordingly, issued 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 extends through December 31, 2027; the life of the referendum.

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.

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, 2027 and is the source of funds for nearly all new construction and major remodel and renovation projects.

Awards and Acknowledgments

The District's CAFR for the fiscal year ended June 30, 2017, received the following awards:

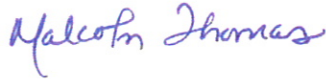
- The Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
- The Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO).

This was the tenth 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 2017-18 CAFR for such consideration.

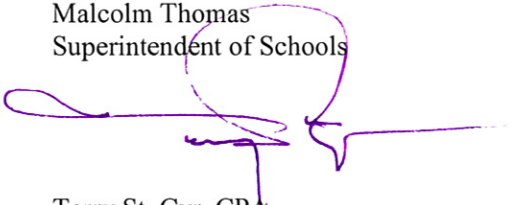
The timely preparation of this report was made possible by the dedicated service of the entire staff of the Finance and Business Services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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 - Accounting Operations

District School Board of Escambia County, Florida

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



District 1
Kevin Adams
2 years
November 2018



District 2
Gerald Boone
12 years
Chairman
November 2018



District 3
Lee Hansen
1 year
November 2018



District 4
Patty Hightower
14 years
Vice Chairman
November 2020



District 5
Bill Slayton
10 years
November 2020



Malcolm Thomas
Superintendent
10 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

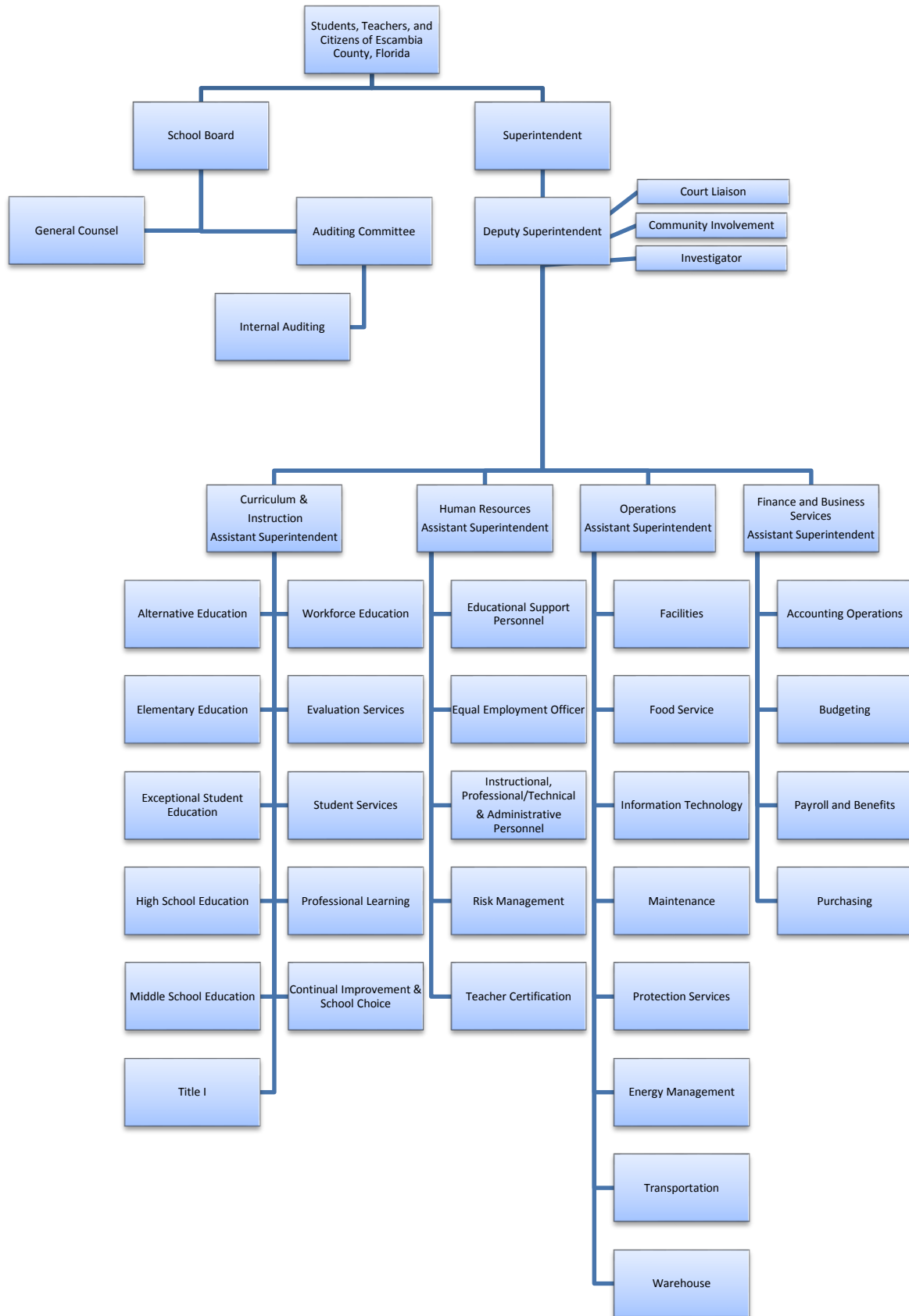
Terry St. Cyr

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, 2017.**

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



Charles E. Peterson, Jr.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso

John D. Musso, CAE
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, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Chairman and Members of
The District School Board of Escambia County, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charter Schools or Escambia Schools Foundation, Inc., which comprises 100 percent of the assets, net position, and revenues of the discretely presented component units of the District. Those financial statements were audited by other auditors, whose reports have been furnished to us and, our opinion, insofar as it relates to the amounts included for the discretely presented component units, is 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 of 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 District'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 District'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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund and major special revenue funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in the year ended June 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement (“GASBS”) 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of GASBS 75, the District reported a restatement for the change in accounting principle as of July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, OPEB Schedule, and Pension Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements as a whole. The introductory section, combining and individual major and non-major fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

Chairman and Members of
The District School Board of Escambia County, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

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

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

Other Reporting Required by *Government Auditing Standards*

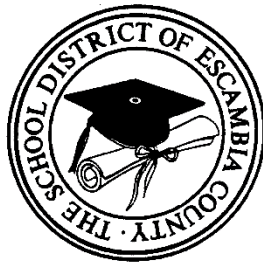
In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida
December 3, 2018



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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, 2018. 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 2017-18 fiscal year are as follows:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at June 30, 2018, by \$284.8 million (net position).
- The District's total net position increased by \$1.6 million from the prior fiscal year (\$283.2 million). The construction in progress of two new schools was instrumental in this increase.
- At June 30, 2018, the combined assigned and unassigned fund balance for the General Fund was \$32.7 million, or 10.9 percent (Financial Condition Ratio) of total General Fund revenues. These totals represent decreases of \$0.6 million and 0.3 percent, respectively from the prior fiscal year.
- The District's total long-term debt (Bonds Payable and Certificates of Participation) was \$74 million, a decrease of \$9.7 million from the prior fiscal year (\$83.7 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, 2018, compared to net position as of June 30, 2017:

	Net Position, End of Year	
	Governmental	
	Activities	
	6-30-18	6-30-17
Current Assets	\$ 206,489,665	\$ 250,212,801
Capital Assets	396,920,985	349,419,521
Total Assets	603,410,650	599,632,322
Deferred Outflow of Resources	88,433,713	67,012,168
Total Assets and Deferred Outflow of Resources	\$ 691,844,363	\$ 666,644,490
Long-Term Liabilities	\$ 367,875,054	\$ 357,453,306
Other Liabilities	20,076,523	19,523,742
Total Liabilities	387,951,577	376,977,048
Deferred Inflow of Resources	19,079,276	6,440,469
Net Position:		
Net Investment in Capital Assets	341,718,135	301,633,148
Restricted	105,923,265	129,167,248
Unrestricted (Deficit)	(162,827,890)	(147,573,423)
Total Net Position	284,813,510	283,226,973
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 691,844,363	\$ 666,644,490

The largest portion of the District's net position, \$341.7 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, \$105.9 million, represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position of \$162.8 million was mainly due to the accrual of net pension liability totaling \$210.7 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, 2018, and June 30, 2017, are as follows:

	Operating Results for the Year	
	Governmental Activities	
	6-30-18	6-30-17
Program Revenues:		
Charges for Services	\$ 4,107,649	\$ 4,890,592
Operating Grants and Contributions	19,920,098	17,245,206
Capital Grants and Contributions	2,730,986	5,133,006
General Revenues:		
Property Taxes, Levied for Operational Purposes	88,593,488	88,907,015
Property Taxes, Levied for Capital Projects	25,897,925	24,005,885
Local Sales Taxes	26,693,489	24,900,899
Grants and Contributions Not Restricted to Specific Programs	235,440,637	233,409,076
Unrestricted Investment Earnings	1,877,193	1,300,072
Miscellaneous	3,072,906	3,245,795
Total Revenues	408,334,371	403,037,546
Functions/Program Expenses:		
Instruction	214,425,693	214,493,605
Student Support Services	17,331,002	18,015,111
Instructional Media Services	4,517,610	4,752,394
Instruction and Curriculum Development Services	13,201,725	13,390,752
Instructional Staff Training Services	6,348,029	7,082,312
Instruction-Related Technology	4,736,281	4,620,276
Board	1,300,560	1,290,759
General Administration	2,145,111	2,043,693
School Administration	15,858,774	16,829,076
Facility Acquisition and Construction	21,339,837	17,831,416
Fiscal Services	2,330,536	2,321,692
Food Services	21,261,023	21,082,132
Central Services	6,062,529	5,999,352
Student Transportation Services	20,887,224	22,193,795
Operation of Plant	25,346,355	25,956,001
Maintenance of Plant	11,107,852	11,503,358
Administrative Technology Services	3,479,380	3,514,601
Community Services	1,085,710	1,069,492
Unallocated Interest on Long-Term Debt	1,658,723	2,149,676
Total Functions/Program Expenses	394,423,954	396,139,493
Increase (Decrease) in Net Position	13,910,417	6,898,053
Beginning Net Position	283,226,973	276,328,920
Adjustment to Net Position	(12,323,880)	-
Ending Net Position	\$ 284,813,510	\$ 283,226,973

Governmental Activities increased the District's net position by \$1.6 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, 2018, is \$32.7 million, while the total fund balance is \$45.2 million. The assigned and unassigned fund balances decreased by \$0.6 million, while the total fund balance decreased by \$4 million during the fiscal year. The key factors for the fund balance decrease is as follows:

- Due to the timing of categorical textbook purchases late in the prior 2016-17 fiscal year, the District did not receive and recognize those expenditures until early in the 2017-18 fiscal year. This, combined with the regular current year purchase, essentially doubled the typical yearly expenditure for these items.
- Salary increases were negotiated and paid to eligible employees.

Special Revenue – Other Federal Programs Fund. The Special Revenue – Other Federal Programs Fund had revenues and expenditures of \$30 million each. This is a decrease over the prior fiscal year of \$0.2 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, 2018, the fund balance totals \$9.5 million and is restricted for eligible capital outlay purposes.

Capital Projects – Other Fund. The Capital Projects – Other Fund has a fund balance of \$72.1 million for the 2017-18 fiscal year. The fund balance decreased from the prior year by \$42.6 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 use of sales tax funds on a pay-as-you-go basis for the construction of a new elementary school.

The original net proceeds of the bond issue totaled \$60 million and has a remaining balance of \$16.8 million at June 30, 2018 (a decrease of \$33 million during the 2017-18 fiscal year).

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 \$12.1 million less than final budgeted expenditures. The instruction function accounted for \$3.3 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, 2018, amounts to \$396.9 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 \$47.5 million, or 13.6 percent.

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

- Roofing projects at various District locations.
- Roy Hyatt Environmental Center – Facility rebuild.
- Oakcrest Elementary School – Covered play area.
- West Pensacola Elementary School – Covered play area.
- Woodham Middle School facility repurpose (future West Florida High School).
- Installation and renovation of mechanical and life safety systems.
- New Construction - Site preparation for future elementary school
- New Construction – Kingsfield Elementary School.
- New Construction – Beulah Middle 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, 2018, the District has total long-term debt outstanding of \$74 million. The District has \$1.7 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 \$19 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 \$53.3 million at June 30, 2018.

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 2018-19 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. Although the District has a projected decrease of 211 unweighted FTE students to begin the new fiscal year, formula funds will increase approximately \$157 per unweighted FTE over the 2017-18 fiscal year (2.2 percent). Accordingly, even after accounting for the projected FTE reduction, total FEFP formula funds will increase approximately \$4.7 million as appropriated by the State Legislature. However, \$2.2 million of the total FEFP increase is earmarked for school security and related student mental health issues leaving only \$2.5 million of the increase to address general operational needs.

General Fund - Fund Balance

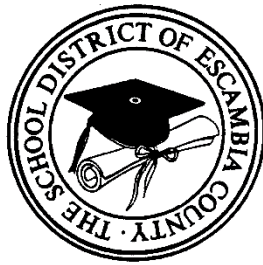
The District will budget approximately \$1.6 million of total fund balance to cover planned expenditures during the 2018-19 fiscal year. Any unspent appropriations and/or revenue receipts in excess of budgeted amounts will be used to replenish the unassigned fund balance accordingly.

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.

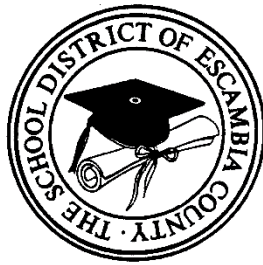
REQUESTS FOR INFORMATION

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, 2018

	Primary Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	\$ 104,435,644	\$ 4,039,092
Investments	93,408,781	-
Accounts Receivable	578,820	394,197
Deposits Receivable	2,000	52,616
Prepaid Items		38,363
Due from Other Agencies	4,111,214	81,455
Inventories	3,953,206	-
Capital Assets:		
Non-Depreciable Capital Assets	94,553,221	959,561
Depreciable Capital Assets, Net	302,367,764	7,348,343
Total Assets	603,410,650	12,913,627
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	88,327,221	535,691
Deferred Outflows Related to Other Postemployment Benefits	106,492	-
Total Deferred Outflows of Resources	88,433,713	535,691
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 691,844,363	\$ 13,449,318
LIABILITIES		
Salaries and Benefits Payable	\$ 1,502,461	\$ 85,490
Payroll Deductions and Withholdings	1,274,028	-
Accounts Payable	8,103,092	385,823
Construction Contracts Payable - Retainage	2,708,308	-
Due to Other Agencies	9,991	-
Deposits Payable	163,250	7,000
Loan Payable	2,571,706	-
Unearned Revenue	3,743,687	-
Long-Term Liabilities:		
Portion Due Within One Year:	20,241,590	182,973
Portion Due After One Year:	347,633,464	4,501,147
Total Liabilities	387,951,577	5,162,433
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	17,517,957	76,125
Deferred Inflows Related to Other Postemployment Benefits	402,861	-
Deferred Gains on Refunding	1,158,458	-
Total Deferred Inflows of Resources	19,079,276	76,125
NET POSITION		
Net Investment in Capital Assets	341,718,135	4,594,094
Restricted for:		
State Required Carryover Programs	6,223,390	-
Debt Service	8,867,170	-
Capital Projects	67,490,207	-
Food Service	7,210,566	-
Other Required Carryover Programs	16,131,932	580,445
Unrestricted	(162,827,890)	3,036,221
Total Net Position	284,813,510	8,210,760
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 691,844,363	\$ 13,449,318

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, 2018**

Functions/Programs	Expenses	Program Revenues	
Primary Government		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 214,425,693	\$ 1,189,505	\$ -
Student Support Services	17,331,002	-	-
Instructional Media Services	4,517,610	-	-
Instruction and Curriculum Development Services	13,201,725	-	-
Instructional Staff Training Services	6,348,029	-	-
Instruction-Related Technology	4,736,281	-	-
Board	1,300,560	-	-
General Administration	2,145,111	-	-
School Administration	15,858,774	-	-
Facilities Acquisition and Construction	21,339,837	38,499	-
Fiscal Services	2,330,536	-	-
Food Services	21,261,023	2,215,916	19,920,098
Central Services	6,062,529	-	-
Student Transportation Services	20,887,224	162,620	-
Operation of Plant	25,346,355	-	-
Maintenance of Plant	11,107,852	-	-
Administrative Technology Services	3,479,380	-	-
Community Services	1,085,710	501,109	-
Unallocated Interest on Long-Term Debt	1,658,723	-	-
Total Governmental Activities	\$ 394,423,954	\$ 4,107,649	\$ 19,920,098
Component Units			
Foundation/Charter Schools	\$ 8,839,300	\$ 253,449	\$ 934,474

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, 2017, As Previously Reported

Cumulative Effect of Change in Accounting Principle

Net Position, July 1, 2017, As Restated

Net Position, June 30, 2018

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

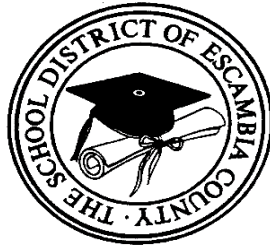
<i>Net (Expense) Revenue and Changes in Net Position</i>		
<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
\$ -	\$ (213,236,188)	\$ -
-	(17,331,002)	-
-	(4,517,610)	-
-	(13,201,725)	-
-	(6,348,029)	-
-	(4,736,281)	-
-	(1,300,560)	-
-	(2,145,111)	-
-	(15,858,774)	-
2,492,530	(18,808,808)	-
-	(2,330,536)	-
-	874,991	-
-	(6,062,529)	-
-	(20,724,604)	-
-	(25,346,355)	-
-	(11,107,852)	-
-	(3,479,380)	-
-	(584,601)	-
238,456	(1,420,267)	-
<u>\$ 2,730,986</u>	<u>(367,665,221)</u>	<u>-</u>
<u>\$ 74,742</u>		<u>(7,576,635)</u>
	88,593,488	-
	25,897,925	-
	26,693,489	-
	235,440,637	7,441,350
	1,877,193	10,560
	3,072,906	339,488
	<u>381,575,638</u>	<u>7,791,398</u>
	<u>13,910,417</u>	<u>214,763</u>
	283,226,973	7,995,997
	(12,323,880)	-
	<u>270,903,093</u>	<u>7,995,997</u>
	<u>\$ 284,813,510</u>	<u>\$ 8,210,760</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue - Other Federal Programs Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 31,968,556	\$ -
Investments	13,750,709	-
Accounts Receivable	529,862	44,273
Deposits Receivable	2,000	-
Due from Other Funds	5,108,340	-
Due from Other Agencies	141,934	3,241,979
Inventories	1,434,376	-
	<u>52,935,777</u>	<u>3,286,252</u>
TOTAL ASSETS		
	<u>\$ 52,935,777</u>	<u>\$ 3,286,252</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Salaries and Benefits Payable	\$ 1,287,699	\$ 198,611
Payroll Deductions and Withholdings	1,230,499	39,740
Accounts Payable	2,670,382	167,711
Construction Contracts Payable - Retainage	-	-
Due to Other Funds	-	2,880,190
Due to Other Agencies	2,580,957	-
Deposits Payable	-	-
Total Liabilities	<u>7,769,537</u>	<u>3,286,252</u>
Fund Balances:		
Nonspendable:		
Inventories	1,434,376	-
Restricted for:		
State Required Carryover Programs	6,223,390	-
Debt Service	-	-
Capital Projects	-	-
Food Service	-	-
Other Required Carryover Programs	4,809,121	-
Assigned for:		
Contingencies	9,849,210	-
Local Carryovers	16,894,898	-
Unassigned	5,955,245	-
Total Fund Balances	<u>45,166,240</u>	<u>-</u>
	<u>\$ 52,935,777</u>	<u>\$ 3,286,252</u>
TOTAL LIABILITIES, DEERRED INFLOWS OF RESOURCES, AND FUND BALANCES		

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,356,442	\$ 8,230,848	\$ 18,926,425	\$ 62,482,271
11,714,311	67,909,218	34,543	93,408,781
-	-	4,685	578,820
-	-	-	2,000
-	-	13,020	5,121,360
-	-	719,759	4,103,672
-	-	2,518,830	3,953,206
<u>\$ 15,070,753</u>	<u>\$ 76,140,066</u>	<u>\$ 22,217,262</u>	<u>\$ 169,650,110</u>
\$ -	\$ -	\$ 16,151	\$ 1,502,461
-	-	3,789	1,274,028
3,857,528	1,302,768	80,585	8,078,974
-	2,708,307	-	2,708,307
1,711,511	-	73,645	4,665,346
-	-	-	2,580,957
-	-	163,250	163,250
<u>5,569,039</u>	<u>4,011,075</u>	<u>337,420</u>	<u>20,973,323</u>
-	-	2,518,830	3,953,206
-	-	-	6,223,390
-	-	10,025,627	10,025,627
9,501,714	72,128,991	4,643,649	86,274,354
-	-	4,691,736	4,691,736
-	-	-	4,809,121
-	-	-	9,849,210
-	-	-	16,894,898
-	-	-	5,955,245
<u>9,501,714</u>	<u>72,128,991</u>	<u>21,879,842</u>	<u>148,676,787</u>
<u>\$ 15,070,753</u>	<u>\$ 76,140,066</u>	<u>\$ 22,217,262</u>	<u>\$ 169,650,110</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, 2018**

Total Fund Balances - Governmental Funds \$ 148,676,787

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. 396,920,985

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. 9,888,435

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	\$ (47,567,000)	
Less: unamortized premiums on bonds payable	(7,438,375)	
Certificates of Participation Payable	(17,550,000)	
Less: unamortized premiums on certificates of participation payable	(1,431,622)	
Compensated Absences Payable	(40,344,599)	
Net Pension Liability	(210,672,650)	
Other Postemployment Benefits	<u>(15,022,888)</u>	(340,027,134)

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	(15,600)	
Deferred Gains on Refunding - Certificates of Participation Payable	<u>(1,142,858)</u>	(1,158,458)

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

Deferred Outflows Related to Pensions	88,327,221	
Deferred Inflows Related to Pensions	(17,517,957)	
Deferred Outflows Related to Other Postemployment Benefits	106,492	
Deferred Inflows Related to Other Postemployment Benefits	<u>(402,861)</u>	<u>70,512,895</u>

Total Net Position - Governmental Activities \$ 284,813,510

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, 2018**

	General Fund	Special Revenue - Other Federal Programs Fund
Revenues		
Intergovernmental:		
Federal Direct	\$ 783,886	\$ 2,035,198
Federal Through State and Local	2,622,515	27,975,990
State	202,047,265	-
Local:		
Property Taxes	88,593,488	-
Sales Taxes	-	-
Charges for Food Service	-	-
Miscellaneous	5,586,446	-
Total Revenues	299,633,600	30,011,188
Expenditures		
Current - Education:		
Instruction	195,382,287	12,254,081
Student Support Services	15,876,152	1,658,056
Instructional Media Services	4,496,796	83,570
Instruction and Curriculum Development Services	6,620,672	6,590,555
Instructional Staff Training Services	2,978,440	3,390,255
Instruction-Related Technology	3,029,802	1,444,928
Board	1,316,342	-
General Administration	818,701	1,338,282
School Administration	16,090,531	2,237
Facilities Acquisition and Construction	730,081	4,069
Fiscal Services	2,364,027	-
Food Services	84,302	-
Central Services	5,967,117	57,342
Student Transportation Services	16,109,022	2,370,766
Operation of Plant	25,342,036	10,185
Maintenance of Plant	11,042,054	-
Administrative Technology Services	3,224,162	80,187
Community Services	574,061	509,077
Fixed Capital Outlay:		
Facilities Acquisition and Construction	17,444	-
Charter School Local Capital Improvement	-	-
Other Capital Outlay	540,388	217,598
Debt Service:		
Principal	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	312,604,417	30,011,188
Excess (Deficiency) of Revenues Over Expenditures	(12,970,817)	-
Other Financing Sources (Uses)		
Payments to Refunding Escrow Agent	-	-
Sale of Capital Assets	-	-
Loss Recoveries	13,808	-
Transfers In	8,934,939	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	8,948,747	-
Net Change in Fund Balances	(4,022,070)	-
Fund Balances, July 1, 2017	49,188,310	-
Fund Balances, June 30, 2018	\$ 45,166,240	\$ -

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>
\$ -	\$ -	\$ -	\$ 2,819,084
-	-	19,619,678	50,218,183
-	158,533	2,834,847	205,040,645
25,897,925	-	-	114,491,413
-	26,693,489	-	26,693,489
-	-	2,215,916	2,215,916
125,543	1,085,124	44,719	6,841,832
<u>26,023,468</u>	<u>27,937,146</u>	<u>24,715,160</u>	<u>408,320,562</u>
-	-	-	207,636,368
-	-	-	17,534,208
-	-	-	4,580,366
-	-	-	13,211,227
-	-	-	6,368,695
-	-	-	4,474,730
-	-	-	1,316,342
-	-	-	2,156,983
-	-	-	16,092,768
6,842,581	8,905,250	648,911	17,130,892
-	-	-	2,364,027
-	-	20,818,927	20,903,229
-	-	-	6,024,459
-	-	-	18,479,788
-	-	-	25,352,221
-	-	-	11,042,054
-	-	-	3,304,349
-	-	-	1,083,138
437,622	54,896,474	-	55,351,540
271,558	-	-	271,558
6,971,398	970,386	264,689	8,964,459
-	-	7,645,309	7,645,309
-	-	3,059,376	3,059,376
<u>14,523,159</u>	<u>64,772,110</u>	<u>32,437,212</u>	<u>454,348,086</u>
<u>11,500,309</u>	<u>(36,834,964)</u>	<u>(7,722,052)</u>	<u>(46,027,524)</u>
-	-	(945,961)	(945,961)
-	165,893	-	165,893
-	-	-	13,808
-	-	10,576,441	19,511,380
(13,563,647)	(5,947,733)	-	(19,511,380)
<u>(13,563,647)</u>	<u>(5,781,840)</u>	<u>9,630,480</u>	<u>(766,260)</u>
(2,063,338)	(42,616,804)	1,908,428	(46,793,784)
11,565,052	114,745,795	19,971,414	195,470,571
<u>\$ 9,501,714</u>	<u>\$ 72,128,991</u>	<u>\$ 21,879,842</u>	<u>\$ 148,676,787</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, 2018**

Net Change in Fund Balances - Governmental Funds \$ (46,793,784)

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	\$ 51,803,545	
Capital Outlay - Other Capital Outlay - Capitalized	8,964,460	
Less, Depreciation Expense	(12,188,424)	48,579,581

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. (1,078,117)

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 Repayments	4,712,000	
Certificate of Participation Repayments	3,828,308	8,540,308

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	794,394	
Amortization of deferred charges and gain on refunding, net	13,600	
Certificates of Participation Payable	357,906	
Amortization of deferred charges and gain on refunding, net	285,714	1,451,614

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. 1,474,246

In the Statement of Activities, other postemployment benefits (OPEB) expense is recorded for the District's proportionate share of collective OPEB expense of the cost sharing defined benefit plans in which the District participates. Also included in OPEB expense are amounts required to be amortized in accordance with GASB Statement No. 75. (659,884)

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. 88,919

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities. 2,307,534

Change in Net Position of Governmental Activities **\$ 13,910,417**

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 - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	\$ 850,000	\$ 783,886	\$ 783,886	\$ -
Federal Through State and Local State	2,718,983	2,686,495	2,622,515	(63,980)
	203,184,959	202,578,331	202,047,265	(531,066)
Local:				
Property Taxes	88,175,298	88,593,488	88,593,488	-
Miscellaneous	4,325,585	5,587,836	5,586,446	(1,390)
Total Revenues	<u>299,254,825</u>	<u>300,230,036</u>	<u>299,633,600</u>	<u>(596,436)</u>
Expenditures				
Current - Education:				
Instruction	195,831,579	198,682,055	195,382,287	3,299,768
Student Support Services	16,134,616	16,648,183	15,876,152	772,031
Instructional Media Services	4,755,242	4,830,871	4,496,796	334,075
Instruction and Curriculum Development Services	7,096,896	7,129,395	6,620,672	508,723
Instructional Staff Training Services	2,221,897	3,117,825	2,978,440	139,385
Instruction-Related Technology	3,616,531	3,783,531	3,029,802	753,729
Board	1,476,746	1,511,046	1,316,342	194,704
General Administration	854,317	878,317	818,701	59,616
School Administration	15,385,434	16,213,515	16,090,531	122,984
Facilities Acquisition and Construction	793,214	2,484,122	730,081	1,754,041
Fiscal Services	2,691,662	2,763,161	2,364,027	399,134
Food Services	119,801	159,801	84,302	75,499
Central Services	6,932,079	7,350,262	5,967,117	1,383,145
Student Transportation Services	16,061,471	16,869,268	16,109,022	760,246
Operation of Plant	25,156,026	25,745,883	25,342,036	403,847
Maintenance of Plant	10,561,943	11,314,409	11,042,054	272,355
Administrative Technology Services	3,132,712	3,249,712	3,224,162	25,550
Community Services	1,029,130	1,116,288	574,061	542,227
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	282,004	17,444	264,560
Other Capital Outlay	452,113	1,188,601	540,388	648,213
Total Expenditures	<u>314,303,409</u>	<u>325,318,249</u>	<u>312,604,417</u>	<u>12,713,832</u>
(Excess) Deficiency of Revenues Over Expenditures	<u>(15,048,584)</u>	<u>(25,088,213)</u>	<u>(12,970,817)</u>	<u>12,117,396</u>
Other Financing Sources (Uses)				
Loss Recoveries	-	13,808	13,808	-
Transfers In	8,447,289	8,934,939	8,934,939	-
Total Other Financing Sources (Uses)	<u>8,447,289</u>	<u>8,948,747</u>	<u>8,948,747</u>	<u>-</u>
Net Change in Fund Balances	(6,601,295)	(16,139,466)	(4,022,070)	12,117,396
Fund Balances, July 1, 2017	49,188,310	49,188,310	49,188,310	-
Fund Balances, June 30, 2018	<u>\$ 42,587,015</u>	<u>\$ 33,048,844</u>	<u>\$ 45,166,240</u>	<u>\$ 12,117,396</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, 2018

Special Revenue - Other Federal Programs Fund

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	\$ 2,958,794	\$ 2,482,772	\$ 2,035,198	\$ (447,574)
Federal Through State and Local	28,988,899	32,849,614	27,975,990	(4,873,624)
Total Revenues	31,947,693	35,332,386	30,011,188	(5,321,198)
Expenditures				
Current - Education:				
Instruction	11,716,552	13,893,713	12,254,081	1,639,632
Student Support Services	2,163,122	2,048,909	1,658,056	390,853
Instructional Media Services	265,819	153,595	83,570	70,025
Instruction and Curriculum Development Services	7,311,136	7,513,515	6,590,555	922,960
Instructional Staff Training Services	3,088,542	4,429,036	3,390,255	1,038,781
Instruction-Related Technology	1,539,616	1,569,995	1,444,928	125,067
General Administration	1,354,866	1,628,647	1,338,282	290,365
School Administration	120,160	38,733	2,237	36,496
Facilities Acquisition and Construction	10,000	4,069	4,069	-
Fiscal Services	41,228	-	-	-
Central Services	70,843	89,169	57,342	31,827
Student Transportation Services	2,903,880	2,753,639	2,370,766	382,873
Operation of Plant	17,030	13,897	10,185	3,712
Administrative Technology Services	76,391	83,557	80,187	3,370
Community Services	1,046,939	776,775	509,077	267,698
Fixed Capital Outlay:				
Facilities Acquisition and Construction	17,500	-	-	-
Other Capital Outlay	204,069	335,137	217,598	117,539
Total Expenditures	31,947,693	35,332,386	30,011,188	5,321,198
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, July 1, 2017	-	-	-	-
Fund Balances, June 30, 2018	\$ -	\$ -	\$ -	\$ -

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, 2018

	Governmental Activities - Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 41,953,373
Due From Other Agencies	7,542
Total Assets	41,960,915
TOTAL ASSETS	\$ 41,960,915
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 24,118
Due to Other Funds	456,014
Due to Other Agencies	740
Unearned Revenue	3,743,687
Estimated Insurance Claims Payable	6,165,057
Total Current Liabilities	10,389,616
Noncurrent Liabilities:	
Estimated Insurance Claims Payable	21,682,864
Total Noncurrent Liabilities	21,682,864
TOTAL LIABILITIES	32,072,480
NET POSITION	
Restricted for Employee Benefits	9,888,435
Total Net Position	9,888,435
TOTAL LIABILITIES AND NET POSITION	\$ 41,960,915

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, 2018**

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Premium Revenues	\$ 46,644,349
Other	556,310
Total Operating Revenues	47,200,659
 OPERATING EXPENSES	
Salaries	269,094
Employee Benefits	3,444,017
Purchased Services	5,108,335
Energy Services	13,095
Materials and Supplies	13,856
Capital Outlay	115,670
Insurance Claims	36,001,075
Total Operating Expenses	44,965,142
 Operating Income (Loss)	2,235,517
 NONOPERATING REVENUES	
Loss Recoveries	72,017
Total Nonoperating Revenues	72,017
 Income (Loss) Before Transfers	2,307,534
 Change in Net Position	2,307,534
 NET POSITION	
Total Net Position, July 1, 2017	7,580,901
Total Net Position, June 30, 2018	\$ 9,888,435

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, 2018

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Board Funds and Participants	\$ 47,409,422
Cash Received for Interfund Services	28,179
Cash Payments to Suppliers for Goods and Services	(7,950,217)
Cash Payments to Employees for Services	(337,125)
Cash Payments for Interfund Services	(622,130)
Cash Payments for Insurance Claims	(36,833,224)
Net Cash Provided (Used) by Operating Activities	1,694,905
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Loss Recoveries	72,017
Net Cash Provided (Used) by Noncapital Financing Activities	72,017
 Net Increase (Decrease) in Cash and Cash Equivalents	 1,766,922
Beginning Cash and Cash Equivalents	40,186,451
Ending Cash and Cash Equivalents	\$ 41,953,373
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 2,235,517
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	(7,542)
Increase (Decrease) in Accounts Payable	(146,849)
Increase (Decrease) in Due to Other Funds	(606,845)
Increase (Decrease) in Due to Other Agencies	715
Increase (Decrease) in Unearned Revenue	9,575
Increase (Decrease) in Estimated Insurance Claims Payable	210,334
Total Adjustments	(540,612)
Net Cash Provided (Used) by Operating Activities	\$ 1,694,905

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, 2018

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 3,464,572
LIABILITIES	
Internal Accounts Payable	\$ 3,389,132
Payroll Deductions and Withholdings	<u>75,440</u>
Total Liabilities	<u>\$ 3,464,572</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, 2018**

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

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018, 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.

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.

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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.

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

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

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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.

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**DISTRICT SCHOOL BOARD OF
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➤ **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) Commercial paper.
- (4) Treasury bills.
- (5) 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, 2018, 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.

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**DISTRICT SCHOOL BOARD OF
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➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing 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.

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➤ **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

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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 FDOE. 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 2017 tax levy on September 14, 2017. 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

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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, beginning January 1, 2006, proceeds of which were 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 was renewed for another 10-year term beginning in January of the current fiscal year. The current term was approved by Escambia County voters during a 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.

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- 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, 2018, the District has the following investments and maturities:

Investment	Average Maturities	Fair Value	Fair Value Measurement
State Board of Administration			
Florida PRIME (1)	31 Days	\$ 7,645,709	N/A
Debt Service Accounts	6 months	34,543	N/A
BlackRock T-Fund (Cash Reserves) (1)	39 Days	20,242	N/A
Sales Tax Investment Portfolio			
Agency Bonds	391 Days	34,191,439	Level 2
Government Bonds	114 Days	5,255,309	Level 2
Treasury Bills	151 Days	1,982,690	Level 2
Commercial Paper	62 Days	6,176,586	N/A
First American Gov Obligations (1)	20 Days	1,115,964	N/A
Florida Fixed Income Trust (FL FIT)			
Enhanced Cash Investments	175 Days	25,837,313	N/A
Cash Pool	95 Days	3,130,201	N/A
Cash Pool (Series 2016)	95 Days	16,800,700	N/A
Total Investments, Primary Government		<u><u>\$ 102,190,696</u></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
- Fully benefit-responsive synthetic guaranteed investment contracts
- Investments in life insurance contracts not meeting the definition of a life settlement contract

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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 31 days, 20 days, 39 days, and 62 days, respectively, at June 30, 2018.
- The District's investments in Agency Bonds and Government Bonds had WAMs of 391 and 114 days, respectively, at June 30, 2018.
- The District's investments in Treasury Bills had a WAM of 151 days.

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

FL FIT Enhanced Cash – 175 days

FL FIT Commercial Paper (Cash) Pool – 95 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, 2018, 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	\$ 21,396,418	\$ 21,396,418	\$ -
Capital Projects - Local Capital Improvements	11,714,311	11,714,311	-
Capital Projects - Other	69,025,182	34,833,744	34,191,438
Nonmajor Governmental	<u>54,785</u>	<u>54,785</u>	<u>-</u>
Total Investments	<u>\$ 102,190,696</u>	<u>\$ 67,999,258</u>	<u>\$ 34,191,438</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

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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, 2018, 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 (S&P) and Aaa-mf by Moody's Investors Service.
- The District's investments in the SBA Florida PRIME are rated AAAM by S&P.
- The District's investments in Agency Bonds are rated AA+ by S&P and AAA by Moody's (A1+ and P-1, respectively, for Agency Bonds – Discount).
- The District's investments in Government Bonds are rated AA+ by S&P and Aaa by Moody's
- The District's investments in Treasury Bills are rated A1+ by S&P and P-1 by Moody's.
- The District's investments in Commercial Paper are rated A-1 by S&P and P-1 by Moody's.
- 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, 2018, all investments are held with an

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appropriate custodian or trustee or are held in accounts in the name of and belonging to the District.

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
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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.

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DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Balance 7-1-17	Additions	Deletions	Balance 6-30-18
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 12,429,486	\$ -	\$ -	\$ 12,429,486
Construction in Progress	38,440,757	53,057,276	9,374,298	82,123,735
Total Capital Assets Not Being Depreciated	50,870,243	53,057,276	9,374,298	94,553,221
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	17,087,317	649,896	-	17,737,213
Buildings and Fixed Equipment	421,222,573	8,845,430	128,275	429,939,728
Furniture, Fixtures, and Equipment	14,304,502	1,040,063	482,127	14,862,438
Motor Vehicles	49,382,918	6,549,638	3,628,756	52,303,800
Audio Visual Materials and Computer Software	9,154,407	-	-	9,154,407
Total Capital Assets Being Depreciated	511,151,717	17,085,027	4,239,158	523,997,586
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	10,163,757	964,484	-	11,128,241
Buildings and Fixed Equipment	165,621,439	7,729,472	125,555	173,225,356
Furniture, Fixtures, and Equipment	9,310,397	750,826	420,364	9,640,859
Motor Vehicles	20,113,240	2,445,463	2,615,122	19,943,581
Audio Visual Materials and Computer Software	7,393,606	298,179	-	7,691,785
Total Accumulated Depreciation	212,602,439	12,188,424	3,161,041	221,629,822
Total Capital Assets Being Depreciated, Net	298,549,278	4,896,603	1,078,117	302,367,764
Governmental Activities Capital Assets, Net	<u>\$ 349,419,521</u>	<u>\$ 57,953,879</u>	<u>\$ 10,452,415</u>	<u>\$ 396,920,985</u>

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Instruction	\$ 8,147,494
Student Support Services	10,084
Instructional Media Services	4,150
Instruction and Curriculum Development Services	76,707
Instructional Staff Training Services	1,741
Instruction-Related Technology	278,252
General Administration	375
School Administration	18,800
Facilities Acquisition and Construction	365,491
Fiscal Services	553
Food Services	333,163
Central Services	101,166
Student Transportation Services	2,223,444
Operation of Plant	100,971
Maintenance of Plant	313,328
Administrative Technology Services	209,218
Community Services	3,487
Total Depreciation Expense - Governmental Activities	\$ 12,188,424

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.

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**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
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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, 2018:

Issue	Original	Principal		Refunded By Series	Balance 6-30-18
	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	10,000,000	-		-
Series 2006	10,000,000	10,000,000	-		-
Series 2011	1,124,561	1,124,561	-		-
Series 2014	19,840,000	2,290,000	-		17,550,000
	<u>\$ 184,649,561</u>	<u>\$ 62,559,561</u>	<u>\$ 104,540,000</u>		<u>\$ 17,550,000</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 ended 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
- Bellview Elementary School – Classroom Building

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DISTRICT SCHOOL BOARD OF
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NOTES TO FINANCIAL STATEMENTS
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- 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.

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**DISTRICT SCHOOL BOARD OF
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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018:

Fiscal Year Ending June 30	Total	Principal	Interest
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	19,358,500	17,550,000	1,808,500
Unamortized Premium	1,431,622	1,431,622	-
Total Certificates of Participation	<u>\$ 20,790,122</u>	<u>\$ 18,981,622</u>	<u>\$ 1,808,500</u>

8. BONDS PAYABLE

SBE Bonds payable at June 30, 2018, are as follows:

Bond Type	Original Debt Issue Amount	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:				
Series 2010A	\$ 225,000	\$ 180,000	3.5-5	2030
Series 2011A (Refunding)	2,625,000	300,000	3-5	2023
Series 2014A (Refunding)	229,000	161,000	3-5	2025
Series 2014B (Refunding)	627,000	9,000	2-5	2020
Series 2017A (Refunding)	812,000	812,000	3-5	2028
Subtotal	4,518,000	1,462,000		
Unamortized Premiums, Net	506,246	236,916		
Total Bonds Payable	<u>\$ 5,024,246</u>	<u>\$ 1,698,916</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 \$1,635,619, all of which was applicable to debt service. Series 2008A bonds in the amount of \$895,000 were defeased during the 2017-18 fiscal year while the remaining debt on the Series 2008A bonds was fully serviced. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the SBE and the SBA.

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**DISTRICT SCHOOL BOARD OF
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Annual requirements to amortize all bonded debt outstanding as of June 30, 2018, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2019	\$ 210,405	\$ 144,000	\$ 66,405
2020	217,355	158,000	59,355
2021	215,605	164,000	51,605
2022	219,405	176,000	43,405
2023	225,905	190,000	35,905
2024-2028	682,130	600,000	82,130
2029-2030	31,800	30,000	1,800
Subtotal	1,802,605	1,462,000	340,605
Unamortized Premiums, Net	236,916	236,916	-
Total Bonds Payable	<u>\$ 2,039,521</u>	<u>\$ 1,698,916</u>	<u>\$ 340,605</u>

Sales Tax Revenue Bonds

In November 2014, the voters of Escambia County approved a 10-year extension to the District's one-half cent sales surtax for capital outlay. The extension began 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, 2018 for principal and interest was \$57,272,600. 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 2017-18 fiscal year, the District recognized sales tax revenues totaling \$26,963,489 and expended \$5,789,200 (21.5 percent) of these revenues for debt service directly collateralized by these revenues.

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DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Series 2016 Bonds payable at June 30, 2018, 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	\$ 46,105,000	4-5	2028
Unamortized Premiums, Net	<u>8,641,751</u>	<u>7,201,459</u>		
Total Bonds Payable	<u>\$ 60,551,751</u>	<u>\$ 53,306,459</u>		

The following is a schedule by years of the future annual debt service of the Series 2016 Bonds at June 30, 2018:

Fiscal Year Ending June 30	Total	Principal	Interest
Sales Tax Revenue Bonds:			
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	57,572,600	46,105,000	11,467,600
Unamortized Premiums, Net	<u>7,201,459</u>	<u>7,201,459</u>	<u>-</u>
Total Bonds Payable	<u>\$ 64,774,059</u>	<u>\$ 53,306,459</u>	<u>\$ 11,467,600</u>

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DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

9. CHANGES IN LONG-TERM LIABILITIES

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

Description	Balance 7-1-17	Additions	Deductions	Balance 6-30-18	Due in One Year
GOVERNMENTAL ACTIVITIES					
SBE Bonds Payable	\$ 2,524,000	\$ -	\$ 1,062,000	\$ 1,462,000	\$ 144,000
Unamortized Premiums, Net	311,164	-	74,248	236,916	-
Total SBE Bonds Payable	<u>2,835,164</u>	<u>-</u>	<u>1,136,248</u>	<u>1,698,916</u>	<u>144,000</u>
Sales Tax Revenue Bonds Payable	49,755,000	-	3,650,000	46,105,000	3,795,000
Unamortized Premiums, Net	7,921,605	-	720,146	7,201,459	-
Total Sales Tax Revenue Bonds Payable	<u>57,676,605</u>	<u>-</u>	<u>4,370,146</u>	<u>53,306,459</u>	<u>3,795,000</u>
Certificates of Participation Payable	21,378,308	-	3,828,308	17,550,000	4,075,000
Unamortized Premium	1,789,528	-	357,906	1,431,622	-
Total Certificates of Participation Payable	<u>23,167,836</u>	<u>-</u>	<u>4,186,214</u>	<u>18,981,622</u>	<u>4,075,000</u>
Estimated Insurance Claims Payable	27,637,587	36,971,540	36,761,206	27,847,921	6,165,057
Compensated Absences Payable	40,433,518	3,033,208	3,122,127	40,344,599	4,171,633
Net Pension Liability	203,367,103	129,896,951	122,591,404	210,672,650	1,890,900
Other Postemployment Benefits Payable (1)	14,659,373	2,036,066	1,672,551	15,022,888	-
Total Governmental Activities	<u>\$ 369,777,186</u>	<u>\$ 171,937,765</u>	<u>\$ 173,839,896</u>	<u>\$ 367,875,055</u>	<u>\$ 20,241,590</u>

(1) See Note 17 for GASB 75 transition.

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.

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**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	\$ 5,108,340	\$ -
Special Revenue - Other Federal Programs	-	2,880,190
Capital Projects - Local Capital Improvement	-	1,711,511
Capital Projects - Other	-	-
Nonmajor Governmental	13,020	73,645
Internal Service	-	456,014
Total	<u>\$ 5,121,360</u>	<u>\$ 5,121,360</u>

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	\$ 8,934,939	\$ -
Capital Projects - Local Capital Improvement	-	13,563,647
Capital Projects - Other	-	5,947,733
Nonmajor Governmental	10,576,441	-
Total	<u>\$ 19,511,380</u>	<u>\$ 19,511,380</u>

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.

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**DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 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, 2018.
- **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 \$26,744,108 consisting of the following: encumbered local project carryovers totaling \$2,032,189; unencumbered local project carryovers totaling \$14,862,708 and local project contingencies of \$9,849,210.
- **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 \$5,955,245 at June 30, 2018.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018, the assigned and unassigned fund balance in the General Fund totaled \$32,734,151 (10.9 percent of General Fund revenues).

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, 2018:

General	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	Special Revenue - Other Federal Programs	Capital Projects - Local Capital Improvement	Capital Projects - Other		
\$ 2,576,717	\$ 481,538	\$ 2,221,349	\$ 25,308,405	\$ 343,725	\$ 30,931,734

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	\$ 1,537,631	\$ 779,393	\$ 758,238
J.E. Hall Center Renovation	3,072,712	471,929	2,600,783
School Specific Projects:			
Oakcrest Elementary Covered Play Area	1,424,189	412,140	1,012,049
West Pensacola Elementary Covered Play Area	1,549,909	72,212	1,477,697
Roy Hyatt Environmental Center - Rebuild	1,846,797	828,331	1,018,466
Brown Barge Middle New Gym and Track	358,549	6,816	351,733
Ranson Middle HVAC Renovation	471,795	24,800	446,995
Woodham Middle School - Repurpose	10,735,288	2,754,006	7,981,282
New Construction - Kingsfield Elementary School	33,208,356	29,540,059	3,668,297
New Construction - Beulah Middle School	45,823,078	43,624,608	2,198,470
New Construction - Westside Elementary School	2,818,043	758,386	2,059,657
Total	<u>\$ 102,846,347</u>	<u>\$ 79,272,680</u>	<u>\$ 23,573,667</u>

Total other construction contract commitments (individually below \$250,000) amounted to \$378,229 at June 30, 2018.

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

13. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2017-18 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 149,340,069
Categorical Educational Program - Class Size Reduction	42,366,110
Workforce Development Program	4,060,898
Best and Brightest Teacher Scholarship Program	2,768,400
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,635,619
Voluntary Pre-K Program	1,313,231
School Recognition	1,134,520
Public Education Capital Outlay	923,026
Racing Commission Funds	446,500
Food Service Supplement	277,420
Florida Job Growth Training Grant	180,538
Charter School Capital Outlay	158,533
FDLE Law Enforcement Training	94,940
Discretionary Lottery	68,609
State License Tax	59,389
Miscellaneous	212,844
Total	<u><u>\$ 205,040,646</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 2017 tax roll for the 2017-18 fiscal year:

<u>GENERAL FUND</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	4.383	\$ 78,618,096
Discretionary Local Effort	0.748	13,416,914
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvement	1.500	26,905,577
Total	<u><u>6.631</u></u>	<u><u>\$ 118,940,588</u></u>

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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, 2018, totaled \$210,672,650.

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 \$27,930,171 for the fiscal year ended June 30, 2018.

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:

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- *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:

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<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 2017-18 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.92
FRS, Elected County Officers	3.00	45.50
DROP - Applicable to		
Members from All of the Above Classes	0.00	13.26
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, 2018 totaled \$13,129,789 which was equal to the required contributions for the fiscal year.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of \$140,389,217 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.474619344 percent, which was 0.018157818 less than the proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$22,608,718 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	\$ 12,884,352	\$ 777,684
Change of assumptions	47,180,688	-
Net difference between projected and actual earnings on FRS pension plan investments	-	3,479,196
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	791,916	5,340,098
District FRS contributions subsequent to the measurement date	13,129,789	-
Total	<u>\$ 73,986,745</u>	<u>\$ 9,596,978</u>

The deferred outflows of resources related to pensions, totaling \$13,129,789, 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2019	\$ 6,510,402
2020	18,587,407
2021	12,522,500
2022	1,660,535
2023	8,651,487
Thereafter	3,327,647
Total	<u>\$ 51,259,978</u>

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

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.0%	3.0%	1.8%
Fixed Income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real Estate (Property)	10.0%	6.6%	5.9%	12.8%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	<u>12.0%</u>	6.1%	5.6%	9.7%
Total	<u><u>100.0%</u></u>			

Assumed inflation - Mean	2.6%	1.9%
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Note: (1) As outlined in the Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 7.1 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2017 valuation was updated from 7.6 percent to 7.1 percent.

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 7.1 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.1 percent) or 1 percentage point higher (8.1 percent) than the current rate:

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	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
District's proportionate share of the net pension liability	\$ 254,096,004	\$ 140,389,217	\$ 45,986,533

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, 2018, the District reported a payable of \$53,070 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2018.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 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 \$3,456,179 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a net pension liability of \$70,283,433 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of

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July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.657317628 percent, which was a decrease of 0.02001647 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$5,321,453 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	\$ -	\$ 146,341
Change of assumptions	9,879,434	6,077,483
Net difference between projected and actual earnings on HIS pension plan investments	38,977	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	965,886	1,697,155
District contributions subsequent to the measurement date	3,456,179	-
Total	<u>\$ 14,340,476</u>	<u>\$ 7,920,979</u>

The deferred outflows of resources related to pensions, totaling \$3,456,179, 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	<u>Amount</u>
2019	\$ 1,127,354
2020	1,119,978
2021	1,116,438
2022	752,205
2023	107,388
Thereafter	(1,260,045)
Total	<u>\$ 2,963,318</u>

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

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.58 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 3.58 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 2017 valuation was updated from 2.85 percent to 3.58 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 3.58 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the net pension liability	\$ 80,202,705	\$ 70,283,433	\$ 62,021,228

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

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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 2017-18 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, 2018, 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 776 District participants in the Investment Plan during the 2017-18 fiscal year. The District’s total contribution to the plan, including the employee portion totaled \$3,093,275 (which was equal to the required contribution for the 2017-18 fiscal year). The employer portion was \$2,252,313.

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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 \$287,495 during the 2017-18 fiscal year for Retirement Incentive pay.

17. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

The District implemented GASB Statements No. 74 and 75; *Financial Reporting for Postemployment Benefits Plans Other than Pension Plans*, and *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB Statement No. 74 establishes new financial and reporting requirements for OPEB, while Statement No. 75 replaces GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. This statement requires governments in all types of OPEB plans to present more note disclosures and Required Supplemental Information (RSI) about their OPEB liabilities.

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 221 retirees and 33 eligible dependents receiving postemployment healthcare benefits. For the 2017-18 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 \$2,379,968 1.1 percent of covered payroll. Required contributions are based on projected pay-as-you-go financing.

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As of July 1, 2017 the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	254
Active employees	<u>5,193</u>
Total	<u>5,447</u>

Net OPEB Liability. The District’s net OPEB liability was measured as of June 30, 2016 the balance of which was recognized at June 30, 2017 (the fiscal year ended June 30, 2018). The District’s actuarial valuation was performed on a roll forward basis. A full valuation is performed every other year.

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 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 2017-18 fiscal year used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2018, and to estimate the District’s annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.58 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 7.75 percent initially for the 2017-18 fiscal year, reduced to an ultimate rate of 5 percent for the fiscal year ending June 30, 2023. Under GASB 75 the entire amount of the unfunded OPEB liability is reported.

The long-term expected rate of return on OPEB investments was determined using the Bond Buyer 20-Bond Municipal Bond Index which is used to determine the interest rates for a new issue of general obligation bonds. The average yield drawn from the index is taken from a survey of muni bond traders. The index tracks the average yields of 20 general obligation municipal bonds of which the average rating Aa2 (Moody’s) or AA (Standard & Poor’s).

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Changes in Net OPEB Liability. The following table illustrates the Net OPEB Liability under GASB 75:

	Increase (Decrease)		
	(a) Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability
Balance Recognized at 6/30/2017 (Based on 6/30/2016 Measurement Date)	\$ 14,659,373	\$ -	\$ 14,659,373
Changes Recognized for the Fiscal Year:			
Service Costs	1,464,394	-	1,464,394
Interest on the total OPEB Liability	442,761	-	442,761
Differences Between Expected and Actual Experience	128,911	-	128,911
Changes in Assumptions	(487,674)	-	(487,674)
Benefit Payments	(1,184,877)	(1,184,877)	-
Contributions From Employer	-	1,184,877	(1,184,877)
Balance Recognized at 6/30/2018 (Based on 6/30/2017 Measurement Date)	<u>\$ 15,022,888</u>	<u>\$ -</u>	<u>\$ 15,022,888</u>

Transition to GASB 75. The following table illustrates the transition from GASB 45 to GASB 75 for the beginning balance – Net OPEB Liability:

Net OPEB Obligation at 6/30/2017	\$ 2,335,493
Amount for Transition to GASB 75	<u>12,323,880</u>
Net OPEB Liability at 7/1/2017	<u>\$ 14,659,373</u>

Interest Rate Sensitivity. The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for the fiscal year ended June 30, 2018.

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Net OPEB Liability	\$ 15,145,596	\$ 14,659,373	\$ 14,068,591

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Healthcare Cost Trend Sensitivity. The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for the fiscal year ended June 30, 2018:

	1% Decrease (6.75%)	Current Trend (7.75%)	1% Increase (8.85%)
Net OPEB Liability	\$ 13,265,563	\$ 15,022,888	\$ 17,092,426

OPEB Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2018 the District recognized OPEB expense of \$1,844,761. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 106,492	\$ -
Change of assumptions	-	(402,861)
Sub Total	106,492	(402,861)
Contributions made in FYE 6/30/2018 after measurement date	526,793	
Total	\$ 633,285	\$ (402,861)

Amounts reported as deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2019	\$ (62,394)
2020	(62,394)
2021	(62,394)
2022	(62,394)
2023	(46,793)
Thereafter	-

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

(Continued)
**DISTRICT SCHOOL BOARD OF
 ESCAMBIA COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$27,847,921 (\$24,796,423 for workers' compensation, automobile and general liability claims, and \$3,051,498 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, 2018.

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
2016-17	\$ 27,577,438	\$ 36,295,908	\$ (36,235,759)	\$ 27,637,587
2017-18	27,637,587	36,971,540	(36,761,206)	27,847,921

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. Depending upon the ultimate outcome of this litigation, the District may be required to return a portion of the

(Continued)
DISTRICT SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

gross taxes that were previously collected from the leaseholders (beginning in the 2004 tax year). At June 30, 2018, the District has received \$33,249,874 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.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2018
Total OPEB Liability	
Service Cost	\$ 1,464,394
Interest Cost	442,761
Changes in Benefit Terms	-
Differences between Expected and Actual Experiences	128,911
Changes in Assumptions	(487,674)
Benefit Payments	(1,184,877)
Net Change in Total OPEB Liability	363,515
Total OPEB Liability (Beginning)	14,659,373
Total OPEB Liability (Ending)	\$ 15,022,888
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,184,877
Contributions - Member	-
Net Investment Income	-
Benefit Payments	(1,184,877)
Administrative Expense	-
Other	-
Net Change in Plan Fiduciary Net position	-
Fiduciary Net Position (Beginning)	-
Fiduciary Net Position (Ending)	-
Net OPEB Liability (Ending)	\$ 15,022,888
Net Position as a Percentage of OPEB Liability	-
Covered Payroll at Measurement Period (7/1/2017)	\$ 279,651,532
Net OPEB Liability as a Percentage of Covered Payroll	5.37%

GASB 75 was effective first for employer fiscal years beginning after June 15, 2017. Fiscal year ended 6/30/2018 values reflect the measurement period from July 1, 2016 to June 30, 2017.

*GASB Statement No. 75 was implemented during the 2017-18 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**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There is a significant increase in reported liability associated with transition to GASB 75. As of June 30, 2017, the Net OPEB Obligation under GASB 45 was \$2,335,493. Under GASB 75, the entire unfunded liability must be reported. At July 1, 2017, the Net OPEB Obligation was \$14,659,373.

Actuarial Valuation:

Cost Method - Entry Age Normal Cost Method

Method Changes - Effective for the fiscal year ended June 30, 2018, the Plan is reported under GASB 75.

Assumption Changes:

- A change in the funding discount rate from 4.00 percent at June 30, 2017 under GASB 45 to 2.85 percent at June 30, 2017 under GASB 75 and 3.58 percent at June 30, 2018.
- The mortality projection scale was updated from MP-2016 to MP-2017.

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the FRS net pension liability	47.461934400%	0.492777162%	0.522779113%	0.523517774%	0.510916965%
District's proportionate share of the FRS net pension liability	\$ 140,389,217	\$ 124,426,620	\$ 67,523,934	\$ 31,942,283	\$ 87,951,549
District's covered-employee payroll	279,651,532	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	50.20%	54.96%	30.98%	15.22%	44.79%
FRS Plan fiduciary net position as percentage of total pension liability	83.89%	84.88%	92.00%	96.09%	88.54%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 13,129,789	\$ 12,355,510	\$ 12,017,157	\$ 12,745,799	\$ 11,467,261
FRS contributions in relation to the contractually required contribution	(13,129,789)	(12,355,510)	(12,017,157)	(12,745,799)	(11,467,261)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 208,266,112	\$ 279,651,532	\$ 226,377,227	\$ 217,952,759	\$ 209,931,489
FRS contributions as a percentage of covered-employee payroll	6.30%	4.42%	5.31%	5.85%	5.46%

*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 ESCAMBA COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION**

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, 2018.

Changes in Assumptions. The long-term expected rate of return, net of investment expense, decreased from 7.6 percent to 7.1 percent and the active member mortality assumption was updated. A decrease in discount rate results in an increase in pension liability.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the HIS net pension liability (asset)	0.657317628%	0.677334098%	0.676027064%	0.665329064%	0.657194019%
District's proportionate share of the HIS net pension liability (asset)	\$ 70,283,433	\$ 78,940,483	\$ 68,944,126	\$ 62,209,891	\$ 57,217,380
District's covered-employee payroll	279,651,532	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	25.13%	34.87%	31.63%	29.63%	29.14%
FRS HIS Plan fiduciary net position as percentage of total pension liability	1.64%	0.97%	0.50%	0.99%	1.78%

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

SCHEDULE OF DISTRICT CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION
PLAN

LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 3,456,179	\$ 3,478,715	\$ 3,471,769	\$ 2,584,196	\$ 2,279,194
HIS contributions in relation to the contractually required contribution	<u>(3,456,179)</u>	<u>(3,478,715)</u>	<u>(3,471,769)</u>	<u>(2,584,196)</u>	<u>(2,279,194)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 208,266,112	\$ 279,651,532	\$ 226,377,227	\$ 217,952,759	\$ 209,931,489
HIS contributions as a percentage of covered-employee payroll	1.66%	1.24%	1.53%	1.19%	1.09%

*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.

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, 2018.

Changes in Assumptions. The municipal bond rate used to determine total pension liability increased from 2.85 to 3.58 percent. An increase in discount rate results in a decrease in pension liability.

**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.

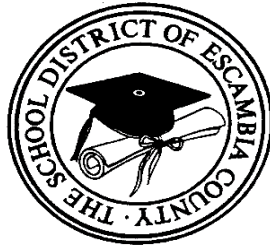
Nonmajor Governmental Funds (Continued)

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 ESCAMBIA COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Total Nonmajor Governmental Funds</u>	<u>Special Revenue Fund</u>		<u>Total Nonmajor Debt Service Funds</u>	<u>Debt Service Funds</u>	
		<u>Total Nonmajor Special Revenue Fund</u>	<u>Food Service Fund</u>		<u>State Board of Education (SBE) Bond Fund</u>	<u>Other Debt Service Fund</u>
ASSETS						
Cash and Cash Equivalents	\$ 18,926,425	\$ 4,864,292	\$ 4,864,292	\$ 9,991,084	\$ -	\$ 9,991,084
Investments	34,543	-	-	34,543	34,543	-
Accounts Receivable	4,685	4,685	4,685	-	-	-
Due from Other Funds	13,020	13,020	13,020	-	-	-
Due from Other Agencies	719,759	70,154	70,154	-	-	-
Inventories	2,518,830	2,518,830	2,518,830	-	-	-
TOTAL ASSETS	<u>\$ 22,217,262</u>	<u>\$ 7,470,981</u>	<u>\$ 7,470,981</u>	<u>\$ 10,025,627</u>	<u>\$ 34,543</u>	<u>\$ 9,991,084</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries and Benefits Payable	\$ 16,151	\$ 16,151	\$ 16,151	\$ -	\$ -	\$ -
Payroll Deductions and Withholdings	3,789	3,789	3,789	-	-	-
Accounts Payable	80,585	64,206	64,206	-	-	-
Due to Other Funds	73,645	13,019	13,019	-	-	-
Deposits Payable	163,250	163,250	163,250	-	-	-
Total Liabilities	<u>337,420</u>	<u>260,415</u>	<u>260,415</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable:						
Inventories	2,518,830	2,518,830	2,518,830	-	-	-
Restricted for:						
Debt Service	10,025,627	-	-	10,025,627	34,543	9,991,084
Capital Projects	4,643,649	-	-	-	-	-
Food Service	4,691,736	4,691,736	4,691,736	-	-	-
Total Fund Balances	<u>21,879,842</u>	<u>7,210,566</u>	<u>7,210,566</u>	<u>10,025,627</u>	<u>34,543</u>	<u>9,991,084</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 22,217,262</u>	<u>\$ 7,470,981</u>	<u>\$ 7,470,981</u>	<u>\$ 10,025,627</u>	<u>\$ 34,543</u>	<u>\$ 9,991,084</u>

(Continued)

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2018

	Capital Projects Funds		
	Total Nonmajor Capital Projects Funds	Public Education Capital Outlay Fund	Capital Outlay & Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ 4,071,049	\$ -	\$ 4,071,049
Due from Other Agencies	649,605	649,605	-
	<u>4,720,654</u>	<u>649,605</u>	<u>4,071,049</u>
TOTAL ASSETS	<u>\$ 4,720,654</u>	<u>\$ 649,605</u>	<u>\$ 4,071,049</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 16,379	\$ 16,379	\$ -
Due to Other Funds	60,626	60,626	-
	<u>77,005</u>	<u>77,005</u>	<u>-</u>
Total Liabilities	<u>77,005</u>	<u>77,005</u>	<u>-</u>
Fund Balances:			
Restricted for:			
Capital Projects	4,643,649	572,600	4,071,049
	<u>4,643,649</u>	<u>572,600</u>	<u>4,071,049</u>
Total Fund Balances	<u>4,643,649</u>	<u>572,600</u>	<u>4,071,049</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,720,654</u>	<u>\$ 649,605</u>	<u>\$ 4,071,049</u>

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, 2018

	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	\$ 19,619,678	\$ 19,619,678	\$ 19,619,678	\$ -	\$ -	\$ -
Total Federal Through State and Local	<u>19,619,678</u>	<u>19,619,678</u>	<u>19,619,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
State:						
Food Service	300,420	300,420	300,420	-	-	-
CO&DS Withheld for SBE/COBI Bond	237,036	-	-	237,036	237,036	-
CO&DS Distribution	1,353,223	-	-	-	-	-
Public Education Capital Outlay	923,026	-	-	-	-	-
Other State Sources	21,142	-	-	1,420	1,420	-
Total State	<u>2,834,847</u>	<u>300,420</u>	<u>300,420</u>	<u>238,456</u>	<u>238,456</u>	<u>-</u>
Local:						
Charges for Food Service	2,215,916	2,215,916	2,215,916	-	-	-
Interest Income	19,980	19,980	19,980	-	-	-
Other Local Sources	24,739	23,217	23,217	1,522	-	1,522
Total Local	<u>2,260,635</u>	<u>2,259,113</u>	<u>2,259,113</u>	<u>1,522</u>	<u>-</u>	<u>1,522</u>
Total Revenues	<u>24,715,160</u>	<u>22,179,211</u>	<u>22,179,211</u>	<u>239,978</u>	<u>238,456</u>	<u>1,522</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, 2018

	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	648,911	-	-	-	-	-
Food Services	20,818,927	20,818,927	20,818,927	-	-	-
Fixed Capital Outlay:						
Other Capital Outlay	264,689	264,689	264,689	-	-	-
Debt Service:						
Principal	7,645,309	-	-	7,645,309	167,000	7,478,309
Interest and Fiscal Charges	3,059,376	-	-	3,058,050	62,496	2,995,554
Total Expenditures	<u>32,437,212</u>	<u>21,083,616</u>	<u>21,083,616</u>	<u>10,703,359</u>	<u>229,496</u>	<u>10,473,863</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,722,052)</u>	<u>1,095,595</u>	<u>1,095,595</u>	<u>(10,463,381)</u>	<u>8,960</u>	<u>(10,472,341)</u>
OTHER FINANCING SOURCES (USES)						
Payments to Refunding Escrow Agent	(945,961)	-	-	(945,961)	(945,961)	-
Transfers In	10,576,441	-	-	10,576,441	-	10,576,441
Total Other Financing Sources (Uses)	<u>9,630,480</u>	<u>-</u>	<u>-</u>	<u>9,630,480</u>	<u>(945,961)</u>	<u>10,576,441</u>
Net Change in Fund Balances	1,908,428	1,095,595	1,095,595	(832,901)	(937,001)	104,100
Fund Balances, July 1, 2017	19,971,414	6,114,971	6,114,971	10,858,528	971,544	9,886,984
Fund Balances, June 30, 2018	<u>\$ 21,879,842</u>	<u>\$ 7,210,566</u>	<u>\$ 7,210,566</u>	<u>\$ 10,025,627</u>	<u>\$ 34,543</u>	<u>\$ 9,991,084</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, 2018**

	Capital Projects Funds		
	Total Nonmajor Capital Projects Funds	Public Education Capital Outlay Fund	Capital Outlay & Debt Service Fund
REVENUES			
State:			
CO&DS Distribution	\$ 1,353,223	\$ -	\$ 1,353,223
Public Education Capital Outlay	923,026	923,026	-
Other State Sources	19,722	-	19,722
Total State	2,295,971	923,026	1,372,945
 Total Revenues	 \$ 2,295,971	 \$ 923,026	 \$ 1,372,945

(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, 2018

	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	\$ 648,911	\$ 618,665	\$ 30,246
Debt Service:			
Interest and Fiscal Charges	1,326	-	1,326
	650,237	618,665	31,572
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	1,645,734	304,361	1,341,373
Net Change in Fund Balances	1,645,734	304,361	1,341,373
Fund Balances, July 1, 2017	2,997,915	268,239	2,729,676
Fund Balances, June 30, 2018	\$ 4,643,649	\$ 572,600	\$ 4,071,049

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, 2018

	<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>		
REVENUES				
Federal Direct:				
Federal Impact, Current Operations	\$ 400,000	\$ 378,907	\$ 378,907	\$ -
Reserve Officers Training Corps (ROTC)	450,000	404,967	404,967	-
Other Federal Direct Sources	-	12	12	-
Total Federal Direct	850,000	783,886	783,886	-
Federal Through State and Local:				
Medicaid	1,650,000	1,627,212	1,627,212	-
Other Federal Through State and Local Sources	1,068,983	1,059,283	995,303	63,980
Total Federal Through State and Local	2,718,983	2,686,495	2,622,515	63,980
State:				
Florida Education Finance Program (FEFP)	152,431,287	149,340,069	149,340,069	-
Workforce Development	4,060,898	4,060,898	4,060,898	-
CO & DS Withheld for Administrative Expense	24,217	24,217	24,217	-
Discretionary Lottery Funds	643,093	68,609	68,609	-
Categorical Programs - Class Size Reduction	42,252,840	42,366,110	42,366,110	-
Other State Sources	3,772,624	6,718,428	6,187,362	(531,066)
Total State	203,184,959	202,578,331	202,047,265	(531,066)
Local:				
Property Taxes	88,175,298	88,593,488	88,593,488	-
Interest Income	200,000	648,711	648,711	-
Other Local Sources	4,125,585	4,939,125	4,937,735	(1,390)
Total Local	92,500,883	94,181,324	94,179,934	(1,390)
Total Revenues	299,254,825	300,230,036	299,633,600	(596,436)
EXPENDITURES				
Current - Education:				
Instruction:				
Salaries	128,928,127	130,172,338	129,636,151	536,187
Employee Benefits	39,536,318	37,825,758	37,300,605	525,153
Purchased Services	13,633,638	14,906,790	14,485,221	421,569
Energy Services	14,900	12,771	4,984	7,787
Materials and Supplies	8,335,608	10,017,144	9,013,244	1,003,900
Capital Outlay	1,421,283	1,709,445	965,157	744,288
Other Expenses	3,961,705	4,037,809	3,976,925	60,884
Total Instruction	195,831,579	198,682,055	195,382,287	3,299,768

(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, 2018

	<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	\$ 10,622,837	\$ 10,929,771	\$ 10,855,306	\$ 74,465
Employee Benefits	3,058,806	3,228,808	3,101,595	127,213
Purchased Services	2,295,056	2,352,094	1,820,109	531,985
Energy Services	2,850	2,850	2,593	257
Materials and Supplies	139,976	92,565	64,998	27,567
Capital Outlay	2,936	8,503	8,154	349
Other Expenses	12,155	33,592	23,397	10,195
Total Student Support Services	<u>16,134,616</u>	<u>16,648,183</u>	<u>15,876,152</u>	<u>772,031</u>
Instructional Media Services:				
Salaries	3,250,000	3,236,009	3,212,957	23,052
Employee Benefits	988,000	1,023,793	1,000,594	23,199
Purchased Services	54,797	57,702	46,497	11,205
Materials and Supplies	31,756	40,100	27,025	13,075
Capital Outlay	419,089	413,333	149,792	263,541
Other Expenses	11,600	59,934	59,931	3
Total Instructional Media Services	<u>4,755,242</u>	<u>4,830,871</u>	<u>4,496,796</u>	<u>334,075</u>
Instruction and Curriculum Development Services:				
Salaries	5,570,361	5,386,544	5,075,052	311,492
Employee Benefits	1,276,932	1,431,319	1,398,302	33,017
Purchased Services	95,422	91,452	83,599	7,853
Materials and Supplies	142,326	163,080	30,288	132,792
Capital Outlay	201	16,060	4,432	11,628
Other Expenses	11,654	40,940	28,999	11,941
Total Instruction and Curriculum Development Services	<u>7,096,896</u>	<u>7,129,395</u>	<u>6,620,672</u>	<u>508,723</u>
Instructional Staff Training Services:				
Salaries	1,071,195	1,890,314	1,868,831	21,483
Employee Benefits	350,413	481,874	481,085	789
Purchased Services	624,171	576,218	526,389	49,829
Materials and Supplies	83,728	69,292	51,914	17,378
Capital Outlay	600	4,089	4,171	(82)
Other Expenses	91,790	96,038	46,050	49,988
Total Instructional Staff Training Services	<u>2,221,897</u>	<u>3,117,825</u>	<u>2,978,440</u>	<u>139,385</u>
Instruction-Related Technology:				
Salaries	2,236,144	2,367,635	2,008,790	358,845
Employee Benefits	520,079	573,220	556,005	17,215
Purchased Services	751,046	729,446	431,137	298,309
Materials and Supplies	3,269	5,571	329	5,242
Capital Outlay	99,500	100,030	26,180	73,850
Other Expenses	6,493	7,629	7,361	268
Total Instruction-Related Technology	<u>3,616,531</u>	<u>3,783,531</u>	<u>3,029,802</u>	<u>753,729</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, 2018

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Current - Education: (Continued)				
Board:				
Salaries	\$ 740,000	\$ 740,350	\$ 714,833	\$ 25,517
Employee Benefits	468,000	468,000	319,797	148,203
Purchased Services	235,070	235,882	218,408	17,474
Energy Services	800	350	332	18
Materials and Supplies	4,980	3,297	2,265	1,032
Capital Outlay	-	800	795	5
Other Expenses	27,896	62,367	59,912	2,455
Total Board of Education	1,476,746	1,511,046	1,316,342	194,704
General Administration:				
Salaries	540,000	572,500	572,301	199
Employee Benefits	144,500	144,500	138,726	5,774
Purchased Services	87,217	84,917	72,334	12,583
Materials and Supplies	14,700	3,200	3,163	37
Capital Outlay	400	1,600	1,538	62
Other Expenses	67,500	71,600	30,639	40,961
Total General Administration	854,317	878,317	818,701	59,616
School Administration:				
Salaries	12,759,166	12,492,503	12,491,815	688
Employee Benefits	2,545,788	3,544,494	3,508,285	36,209
Purchased Services	10,150	25,171	24,608	563
Materials and Supplies	51,334	87,191	38,740	48,451
Capital Outlay	15,613	21,241	19,198	2,043
Other Expenses	3,383	42,915	7,885	35,030
Total School Administration	15,385,434	16,213,515	16,090,531	122,984
Facilities Acquisition and Construction:				
Salaries	125,000	1,589,430	163,485	1,425,945
Employee Benefits	50,500	50,500	36,025	14,475
Purchased Services	198,694	197,995	196,348	1,647
Energy Services	20,750	23,650	23,561	89
Materials and Supplies	11,090	42,468	13,584	28,884
Capital Outlay	381,565	576,664	293,832	282,832
Other Expenses	5,615	3,415	3,246	169
Total Facilities Acquisition and Construction	793,214	2,484,122	730,081	1,754,041
Fiscal Services:				
Salaries	1,800,159	1,856,698	1,715,487	141,211
Employee Benefits	454,000	470,210	469,902	308
Purchased Services	363,256	360,321	148,551	211,770
Materials and Supplies	48,122	42,529	11,095	31,434
Capital Outlay	15,000	18,628	4,794	13,834
Other Expenses	11,125	14,775	14,198	577
Total Fiscal Services	2,691,662	2,763,161	2,364,027	399,134

(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, 2018

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Current - Education: (Continued)				
Food Services:				
Salaries	\$ 110,089	\$ 144,773	\$ 80,439	\$ 64,334
Employee Benefits	5,012	7,603	3,863	3,740
Materials and Supplies	4,700	7,425	-	7,425
Total Food Services	119,801	159,801	84,302	75,499
Central Services:				
Salaries	4,624,282	4,611,657	4,161,678	449,979
Employee Benefits	957,000	1,030,274	1,029,744	530
Purchased Services	879,689	1,183,170	558,398	624,772
Energy Services	29,106	20,943	20,066	877
Materials and Supplies	277,303	310,280	111,634	198,646
Capital Outlay	6,338	15,039	11,760	3,279
Other Expenses	158,361	178,899	73,837	105,062
Total Central Services	6,932,079	7,350,262	5,967,117	1,383,145
Student Transportation Services:				
Salaries	8,280,149	8,277,219	8,187,245	89,974
Employee Benefits	2,948,851	3,317,677	3,317,255	422
Purchased Services	765,085	655,935	632,268	23,667
Energy Services	1,516,145	1,612,675	1,609,597	3,078
Materials and Supplies	1,145,096	1,373,891	1,366,859	7,032
Capital Outlay	265,590	268,544	86,518	182,026
Other Expenses	1,140,555	1,363,327	909,280	454,047
Total Student Transportation Services	16,061,471	16,869,268	16,109,022	760,246
Operation of Plant:				
Salaries	5,661,775	5,637,533	5,426,342	211,191
Employee Benefits	2,283,135	2,384,284	2,277,365	106,919
Purchased Services	5,710,841	6,254,819	6,224,054	30,765
Energy Services	10,435,905	10,213,955	10,175,097	38,858
Materials and Supplies	691,996	699,100	697,503	1,597
Capital Outlay	31,974	91,364	77,394	13,970
Other Expenses	340,400	464,828	464,281	547
Total Operation of Plant	25,156,026	25,745,883	25,342,036	403,847
Maintenance of Plant:				
Salaries	4,479,777	4,560,177	4,560,080	97
Employee Benefits	1,552,448	1,702,448	1,661,658	40,790
Purchased Services	2,514,501	2,721,738	2,484,506	237,232
Energy Services	185,050	243,868	243,022	846
Materials and Supplies	1,777,167	2,016,178	2,008,607	7,571
Capital Outlay	53,000	53,000	84,181	(31,181)
Other Expenses	-	17,000	-	17,000
Total Maintenance of Plant	10,561,943	11,314,409	11,042,054	272,355

(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, 2018

	<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)				
Administrative Technology Services:				
Salaries	\$ 2,388,763	\$ 2,502,813	\$ 2,502,526	\$ 287
Employee Benefits	668,916	679,027	660,180	18,847
Purchased Services	3,925	12,957	12,465	492
Energy Services	3,000	3,000	2,873	127
Materials and Supplies	61,000	29,807	26,874	2,933
Capital Outlay	5,808	20,808	19,244	1,564
Other Expenses	1,300	1,300	-	1,300
Total Administrative Technology Services	<u>3,132,712</u>	<u>3,249,712</u>	<u>3,224,162</u>	<u>25,550</u>
Community Services:				
Salaries	118,820	254,458	226,486	27,972
Employee Benefits	50,431	144,793	99,948	44,845
Purchased Services	14,655	12,948	11,448	1,500
Materials and Supplies	251,981	214,387	27,284	187,103
Capital Outlay	618	7,814	7,814	-
Other Expenses	592,625	481,888	201,081	280,807
Total Community Services	<u>1,029,130</u>	<u>1,116,288</u>	<u>574,061</u>	<u>542,227</u>
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	282,004	17,444	264,560
Other Capital Outlay	452,113	1,188,601	540,388	648,213
Total Fixed Capital Outlay	<u>452,113</u>	<u>1,470,605</u>	<u>557,832</u>	<u>912,773</u>
Total Expenditures	<u>314,303,409</u>	<u>325,318,249</u>	<u>312,604,417</u>	<u>12,713,832</u>
Deficiency of Revenues Over Expenditures	<u>(15,048,584)</u>	<u>(25,088,213)</u>	<u>(12,970,817)</u>	<u>12,117,396</u>
Other Financing Sources				
Loss Recoveries	-	13,808	13,808	-
Transfers In	8,447,289	8,934,939	8,934,939	-
Total Other Financing Sources	<u>8,447,289</u>	<u>8,948,747</u>	<u>8,948,747</u>	<u>-</u>
Net Change in Fund Balances	(6,601,295)	(16,139,466)	(4,022,070)	12,117,396
Fund Balances, July 1, 2017	49,188,310	49,188,310	49,188,310	-
Fund Balances, June 30, 2018	<u>\$ 42,587,015</u>	<u>\$ 33,048,844</u>	<u>\$ 45,166,240</u>	<u>\$ 12,117,396</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, 2018

	Food Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Through State and Local:				
Food Service	\$ 17,802,100	\$ 18,568,567	\$ 19,619,678	\$ 1,051,111
Total Federal Through State and Local	17,802,100	18,568,567	19,619,678	1,051,111
State:				
Food Service	281,000	300,420	300,420	-
Total State	281,000	300,420	300,420	-
Local:				
Charges for Food Service	3,040,000	2,215,916	2,215,916	-
Interest Income	5,000	19,980	19,980	-
Other Local Sources	-	23,217	23,217	-
Total Local	3,045,000	2,259,113	2,259,113	-
Total Revenues	21,128,100	21,128,100	22,179,211	1,051,111
EXPENDITURES				
Current - Education:				
Food Services:				
Salaries	4,998,450	4,792,089	4,781,007	11,082
Employee Benefits	2,705,400	2,305,400	2,284,368	21,032
Purchased Services	737,019	641,141	603,552	37,589
Energy Services	291,650	291,650	236,852	54,798
Materials and Supplies	10,883,143	11,479,021	11,479,021	-
Capital Outlay	90,765	90,765	48,166	42,599
Other Expenses	1,239,600	1,385,961	1,385,961	-
Total Food Services	20,946,027	20,986,027	20,818,927	167,100
Fixed Capital Outlay:				
Other Capital Outlay	316,451	276,451	264,689	11,762
Total Fixed Capital Outlay	316,451	276,451	264,689	11,762
Total Expenditures	21,262,478	21,262,478	21,083,616	178,862
Deficiency of Revenues Over Expenditures	(134,378)	(134,378)	1,095,595	1,229,973
Net Change in Fund Balances	(134,378)	(134,378)	1,095,595	1,229,973
Fund Balances, July 1, 2017	6,114,971	6,114,971	6,114,971	-
Fund Balances, June 30, 2018	\$ 5,980,593	\$ 5,980,593	\$ 7,210,566	\$ 1,229,973

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, 2018

	<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	\$ 2,958,794	\$ 2,482,772	\$ 2,035,198	\$ (447,574)
Total Federal Direct	2,958,794	2,482,772	2,035,198	(447,574)
Federal Through State and Local:				
Career and Technical Education	603,073	634,656	629,657	(4,999)
WIOA - Adult General Education	189,856	189,856	171,150	(18,706)
Other Workforce and Innovation Opportunity Act	187,221	184,951	184,951	-
Individuals with Disabilities Education Act	11,717,320	12,446,604	10,749,425	(1,697,179)
Elementary and Secondary Education Act - Title I	14,352,371	17,097,167	14,443,743	(2,653,424)
Other Federal Through State and Local Sources	1,939,058	2,296,380	1,797,064	(499,316)
Total Federal Through State and Local	28,988,899	32,849,614	27,975,990	(4,873,624)
Total Revenues	31,947,693	35,332,386	30,011,188	(5,321,198)
EXPENDITURES				
Current - Education:				
Instruction:				
Salaries	5,203,510	6,495,081	6,045,697	449,384
Employee Benefits	2,386,391	2,254,486	1,985,616	268,870
Purchased Services	885,537	1,005,016	846,088	158,928
Materials and Supplies	827,375	1,295,975	993,732	302,243
Capital Outlay	1,320,938	1,857,056	1,668,513	188,543
Other Expenses	1,092,801	986,099	714,435	271,664
Total Instruction	11,716,552	13,893,713	12,254,081	1,639,632
Student Support Services:				
Salaries	854,336	736,571	668,221	68,350
Employee Benefits	238,574	264,000	202,330	61,670
Purchased Services	787,902	766,497	595,429	171,068
Materials and Supplies	193,493	187,797	119,936	67,861
Capital Outlay	4,040	4,522	1,890	2,632
Other Expenses	84,777	89,522	70,250	19,272
Total Student Support Services	2,163,122	2,048,909	1,658,056	390,853
Instructional Media Services:				
Salaries	222,706	103,706	63,226	40,480
Employee Benefits	37,343	36,322	10,696	25,626
Materials and Supplies	3,470	11,267	7,672	3,595
Capital Outlay	2,300	2,300	1,976	324
Total Instructional Media Services	265,819	153,595	83,570	70,025

(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, 2018

	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	\$ 5,008,524	\$ 5,494,699	\$ 4,856,078	\$ 638,621
Employee Benefits	1,648,764	1,667,617	1,446,942	220,675
Purchased Services	544,361	248,932	214,133	34,799
Materials and Supplies	66,590	49,311	39,267	10,044
Capital Outlay	20,333	23,838	8,636	15,202
Other Expenses	22,564	29,118	25,499	3,619
Total Instruction and Curriculum Development Services	7,311,136	7,513,515	6,590,555	922,960
Instructional Staff Training Services:				
Salaries	1,495,943	1,899,139	1,561,392	337,747
Employee Benefits	448,901	550,360	468,178	82,182
Purchased Services	709,567	1,511,719	1,109,968	401,751
Energy Services	500	500	135	365
Materials and Supplies	298,647	245,939	109,556	136,383
Capital Outlay	15,830	21,053	12,104	8,949
Other Expenses	119,154	200,326	128,922	71,404
Total Instructional Staff Training Services	3,088,542	4,429,036	3,390,255	1,038,781
Instruction-Related Technology:				
Salaries	1,116,118	1,116,389	1,027,256	89,133
Employee Benefits	352,061	384,803	361,904	22,899
Purchased Services	4,000	4,029	357	3,672
Materials and Supplies	3,000	3,000	25	2,975
Capital Outlay	1,200	1,200	-	1,200
Other Expenses	63,237	60,574	55,386	5,188
Total Instruction-Related Technology	1,539,616	1,569,995	1,444,928	125,067
General Administration:				
Other Expenses	1,354,866	1,628,647	1,338,282	290,365
Total General Administration	1,354,866	1,628,647	1,338,282	290,365
School Administration:				
Salaries	3,360	1,851	1,843	8
Employee Benefits	299	479	291	188
Purchased Services	116,501	1,403	103	1,300
Capital Outlay	-	35,000	-	35,000
Total School Administration	120,160	38,733	2,237	36,496
Facilities Acquisition and Construction:				
Other Capital Outlay	10,000	4,069	4,069	-
Total Facilities Acquisition and Construction	10,000	4,069	4,069	-
Fiscal Services				
Materials and Supplies	41,228	-	-	-
Total Fiscal Services	41,228	-	-	-
Central Services:				
Salaries	29,615	36,899	24,908	11,991
Employee Benefits	12,625	13,500	8,205	5,295
Purchased Services	27,628	37,795	24,229	13,566
Other Expenses	975	975	-	975
Total Central Services	70,843	89,169	57,342	31,827

(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, 2018

	Other Federal Programs Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Current - Education: (Continued)				
Student Transportation Services:				
Salaries	\$ 1,390,064	\$ 1,561,086	\$ 1,493,595	\$ 67,491
Employees Benefits	923,838	944,014	649,097	294,917
Purchased Services	35,630	42,126	30,692	11,434
Energy Services	4,000	4,000	1,145	2,855
Other Expenses	550,348	202,413	196,237	6,176
Total Student Transportation Services	2,903,880	2,753,639	2,370,766	382,873
Operation of Plant:				
Salaries	34	81	81	-
Employee Benefits	16	25	22	3
Purchased Services	16,980	13,791	10,082	3,709
Total Operation of Plant	17,030	13,897	10,185	3,712
Administrative Technology Services:				
Salaries	59,672	63,672	60,782	2,890
Employee Benefits	16,719	19,885	19,405	480
Total Administrative Technology Services	76,391	83,557	80,187	3,370
Community Services:				
Employee Benefits	500	573	573	-
Purchased Services	5,900	3,677	3,677	-
Materials and Supplies	600	385	385	-
Other Expenses	1,039,939	772,140	504,442	267,698
Total Community Services	1,046,939	776,775	509,077	267,698
Fixed Capital Outlay:				
Facilities Acquisition and Construction	17,500	-	-	-
Other Capital Outlay	204,069	335,137	217,598	117,539
Total Fixed Capital Outlay	221,569	335,137	217,598	117,539
Total Expenditures	31,947,693	35,332,386	30,011,188	5,321,198
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, July 1, 2017	-	-	-	-
Fund Balances, June 30, 2018	\$ -	\$ -	\$ -	\$ -

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, 2018**

	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	\$ 272,889	\$ 237,036	\$ 237,036	\$ -
Other State Sources	-	1,420	1,420	-
Total State	272,889	238,456	238,456	-
Total Revenues	272,889	238,456	238,456	-
EXPENDITURES				
Debt Service:				
Principal	167,000	167,000	167,000	-
Interest and Fiscal Charges	105,889	62,496	62,496	-
Total Expenditures	272,889	229,496	229,496	-
Deficiency of Revenues Over Expenditures	-	8,960	8,960	-
Other Financing Sources (Uses)				
Payments to Refunded Bond Escrow Agent		(945,961)	(945,961)	-
Total Other Financing Sources (Uses)	-	(945,961)	(945,961)	-
Net Change in Fund Balances	-	(937,001)	(937,001)	-
Fund Balances, July 1, 2017	971,544	971,544	971,544	-
Fund Balances, June 30, 2018	\$ 971,544	\$ 34,543	\$ 34,543	\$ -

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, 2018

	<i>Other Debt Service 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				
Local:				
Interest Income	\$ -	\$ 1,522	\$ 1,522	\$ -
Total Local	-	1,522	1,522	-
Total Revenues	-	1,522	1,522	-
EXPENDITURES				
Debt Service:				
Principal	7,478,309	7,478,309	7,478,309	-
Interest and Fiscal Charges	3,143,132	2,995,554	2,995,554	-
Total Expenditures	10,621,441	10,473,863	10,473,863	-
Deficiency of Revenues Over Expenditures	(10,621,441)	(10,472,341)	(10,472,341)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	10,576,441	10,576,441	10,576,441	-
Total Other Financing Sources (Uses)	10,576,441	10,576,441	10,576,441	-
Net Change in Fund Balances	(45,000)	104,100	104,100	-
Fund Balances, July 1, 2017	9,886,984	9,886,984	9,886,984	-
Fund Balances, June 30, 2018	<u>\$ 9,841,984</u>	<u>\$ 9,991,084</u>	<u>\$ 9,991,084</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, 2018**

	Public Education Capital Outlay Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
State:				
Public Education Capital Outlay	\$ 923,026	\$ 923,026	\$ 923,026	\$ -
Total State	923,026	923,026	923,026	-
Total Revenues	923,026	923,026	923,026	-
EXPENDITURES				
Current - Education:				
Facilities Acquisition and Construction:				
Improvements Other Than Buildings	75,000	179,413	104,413	75,000
Remodeling and Renovations	1,096,265	991,852	514,252	477,600
Total Facilities Acquisition and Construction	1,171,265	1,171,265	618,665	552,600
Fixed Capital Outlay:				
Facilities Acquisition and Construction:				
Improvements Other Than Buildings	20,000	20,000	-	20,000
Total Facilities Acquisition and Construction	20,000	20,000	-	20,000
Total Expenditures	1,191,265	1,191,265	618,665	572,600
Excess of Revenues Over Expenditures	(268,239)	(268,239)	304,361	572,600
Net Change in Fund Balances	(268,239)	(268,239)	304,361	572,600
Fund Balances, July 1, 2017	268,239	268,239	268,239	-
Fund Balances, June 30, 2018	\$ -	\$ -	\$ 572,600	\$ 572,600

**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, 2018**

	Capital Outlay & Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State:				
CO&DS Distribution	\$ 1,232,993	\$ 1,353,223	\$ 1,353,223	\$ -
Other State Sources	-	19,722	19,722	-
Total State	<u>1,232,993</u>	<u>1,372,945</u>	<u>1,372,945</u>	<u>-</u>
Total Revenues	<u>1,232,993</u>	<u>1,372,945</u>	<u>1,372,945</u>	<u>-</u>
EXPENDITURES				
Current - Education:				
Facilities Acquisition and Construction:				
Improvements Other Than Buildings	124,448	124,448	-	124,448
Remodeling and Renovations	2,413,556	2,413,556	30,246	2,383,310
Total Facilities Acquisition and Construction	<u>2,538,004</u>	<u>2,538,004</u>	<u>30,246</u>	<u>2,507,758</u>
Fixed Capital Outlay:				
Facilities Acquisition and Construction:				
Furniture, Fixtures, and Equipment	255,016	255,016	-	255,016
Improvements Other Than Buildings	111,289	111,289	-	111,289
Total Facilities Acquisition and Construction	<u>366,305</u>	<u>366,305</u>	<u>-</u>	<u>366,305</u>
Debt Service:				
Interest and Fiscal Charges	-	1,326	1,326	-
Total Debt Service	<u>-</u>	<u>1,326</u>	<u>1,326</u>	<u>-</u>
Total Expenditures	<u>2,904,309</u>	<u>2,905,635</u>	<u>31,572</u>	<u>2,874,063</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,671,316)</u>	<u>(1,532,690)</u>	<u>1,341,373</u>	<u>2,874,063</u>
Net Change in Fund Balances	<u>(1,671,316)</u>	<u>(1,532,690)</u>	<u>1,341,373</u>	<u>2,874,063</u>
Fund Balances, July 1, 2017	<u>2,729,676</u>	<u>2,729,676</u>	<u>2,729,676</u>	<u>-</u>
Fund Balances, June 30, 2018	<u>\$ 1,058,360</u>	<u>\$ 1,196,986</u>	<u>\$ 4,071,049</u>	<u>\$ 2,874,063</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, 2018**

	Local Capital Improvement Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local:				
Property Taxes	\$ 25,777,226	\$ 25,897,925	\$ 25,897,925	\$ -
Interest Income	-	125,543	125,543	-
Total Local	<u>25,777,226</u>	<u>26,023,468</u>	<u>26,023,468</u>	<u>-</u>
Total Revenues	<u>25,777,226</u>	<u>26,023,468</u>	<u>26,023,468</u>	<u>-</u>
EXPENDITURES				
Current - Education:				
Facilities Acquisition and Construction:				
Furniture, Fixtures, and Equipment	3,549,561	3,958,570	3,766,681	191,889
Improvements Other Than Buildings	18,476	224,355	207,018	17,337
Remodeling and Renovations	3,931,838	4,782,835	2,589,371	2,193,464
Computer Software	306,277	347,357	279,511	67,846
Total Facilities Acquisition and Construction	<u>7,806,152</u>	<u>9,313,117</u>	<u>6,842,581</u>	<u>2,470,536</u>
Fixed Capital Outlay:				
Charter School Local Capital Improvement	-	271,558	271,558	-
Other Capital Outlay:				
Furniture, Fixtures, and Equipment	185,187	606,006	450,671	155,335
Motor Vehicles	6,604,315	6,604,315	6,520,727	83,588
Improvements Other Than Buildings	318,166	437,622	437,622	-
Computer Software	173,080	132,000	-	132,000
Total Fixed Capital Outlay	<u>7,280,748</u>	<u>8,051,501</u>	<u>7,680,578</u>	<u>370,923</u>
Total Expenditures	<u>15,086,900</u>	<u>17,364,618</u>	<u>14,523,159</u>	<u>2,841,459</u>
Excess of Revenues Over Expenditures	<u>10,690,326</u>	<u>8,658,850</u>	<u>11,500,309</u>	<u>2,841,459</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(13,073,327)</u>	<u>(13,611,007)</u>	<u>(13,563,647)</u>	<u>47,360</u>
Total Other Financing Sources (Uses)	<u>(13,073,327)</u>	<u>(13,611,007)</u>	<u>(13,563,647)</u>	<u>47,360</u>
Net Change in Fund Balances	<u>(2,383,001)</u>	<u>(4,952,157)</u>	<u>(2,063,338)</u>	<u>2,888,819</u>
Fund Balances, July 1, 2017	<u>11,565,052</u>	<u>11,565,052</u>	<u>11,565,052</u>	<u>-</u>
Fund Balances, June 30, 2018	<u>\$ 9,182,051</u>	<u>\$ 6,612,895</u>	<u>\$ 9,501,714</u>	<u>\$ 2,888,819</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, 2018

	Other Capital Projects Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State:				
Charter School Capital Outlay	\$ 161,203	\$ 158,533	\$ 158,533	\$ -
Total State	161,203	158,533	158,533	-
Local:				
Sales Taxes	24,000,000	26,693,489	26,693,489	-
Interest Income	-	1,081,436	1,081,436	-
Other Local Sources	-	3,688	3,688	-
Total Local	24,000,000	27,778,613	27,778,613	-
Total Revenues	24,161,203	27,937,146	27,937,146	-
EXPENDITURES				
Current - Education:				
Facilities Acquisition and Construction:				
Furniture, Fixtures, and Equipment	82,199	1,560,724	543,970	1,016,754
Improvements Other Than Buildings	2,257,491	1,544,412	948,754	595,658
Remodeling and Renovations	23,681,193	25,841,363	7,412,526	18,428,837
Total Facilities Acquisition and Construction	26,020,883	28,946,499	8,905,250	20,041,249
Fixed Capital Outlay:				
Facilities Acquisition and Construction:				
Buildings and Fixed Equipment	66,013,918	76,766,448	53,690,291	23,076,157
Furniture, Fixtures, and Equipment	273,404	2,313,671	970,386	1,343,285
Improvements Other Than Buildings	820,291	2,117,170	1,156,199	960,971
Remodeling and Renovations	606,758	59,447	49,984	9,463
Total Facilities Acquisition and Construction	67,714,371	81,256,736	55,866,860	25,389,876
Total Expenditures	93,735,254	110,203,235	64,772,110	45,431,125
Deficiency of Revenues Over Expenditures	(69,574,051)	(82,266,089)	(36,834,964)	45,431,125
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	165,893	165,893	-
Transfers Out	(5,950,403)	(5,947,733)	(5,947,733)	-
Total Other Financing Sources (Uses)	(5,950,403)	(5,781,840)	(5,781,840)	-
Net Change in Fund Balances	(75,524,454)	(88,047,929)	(42,616,804)	45,431,125
Fund Balances, July 1, 2017	114,745,795	114,745,795	114,745,795	-
Fund Balances, June 30, 2018	\$ 39,221,341	\$ 26,697,866	\$ 72,128,991	\$ 45,431,125

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, 2018

	Governmental Activities		
	Proprietary Funds - Internal Service Funds		
	Self-Insurance		
	Risk Management Fund	Employee Benefit Trust Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 25,262,773	\$ 16,690,600	\$ 41,953,373
Due from Other Agencies	-	7,542	7,542
Total Assets	<u>25,262,773</u>	<u>16,698,142</u>	<u>41,960,915</u>
TOTAL ASSETS	<u>\$ 25,262,773</u>	<u>\$ 16,698,142</u>	<u>\$ 41,960,915</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 10,700	\$ 13,418	\$ 24,118
Due to Other Funds	455,651	363	456,014
Due to Other Agencies	-	740	740
Unearned Revenue	-	3,743,687	3,743,687
Estimated Insurance Claims Payable	3,113,558	3,051,499	6,165,057
Total Current Liabilities	<u>3,579,909</u>	<u>6,809,707</u>	<u>10,389,616</u>
Noncurrent Liabilities:			
Estimated Insurance Claims Payable	21,682,864	-	21,682,864
Total Noncurrent Liabilities	<u>21,682,864</u>	<u>-</u>	<u>21,682,864</u>
TOTAL LIABILITIES	<u>25,262,773</u>	<u>6,809,707</u>	<u>32,072,480</u>
NET POSITION			
Restricted for Employee Benefits	-	9,888,435	9,888,435
Total Net Position	<u>-</u>	<u>9,888,435</u>	<u>9,888,435</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 25,262,773</u>	<u>\$ 16,698,142</u>	<u>\$ 41,960,915</u>

**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, 2018**

	<i>Governmental Activities</i>		
	<i>Proprietary Funds - Internal Service Funds</i>		
	<i>Self-Insurance</i>		
	<i>Risk Management Fund</i>	<i>Employee Benefit Trust Fund</i>	<i>Total</i>
OPERATING REVENUES			
Premium Revenues	\$ 4,254,099	\$ 42,390,250	\$ 46,644,349
Other		556,310	556,310
Total Operating Revenues	<u>4,254,099</u>	<u>42,946,560</u>	<u>47,200,659</u>
OPERATING EXPENSES			
Salaries	269,094	-	269,094
Employee Benefits	3,444,017	-	3,444,017
Purchased Services	490,027	4,618,308	5,108,335
Energy Services	4,317	8,778	13,095
Material and Supplies	2,412	11,444	13,856
Capital Outlay	115,670	-	115,670
Insurance Claims	579	36,000,496	36,001,075
Total Operating Expenses	<u>4,326,116</u>	<u>40,639,026</u>	<u>44,965,142</u>
Operating Income (Loss)	<u>(72,017)</u>	<u>2,307,534</u>	<u>2,235,517</u>
NONOPERATING REVENUES			
Loss Recoveries	72,017	-	72,017
Total Nonoperating Revenues	<u>72,017</u>	<u>-</u>	<u>72,017</u>
Income (Loss) Before Transfers	-	2,307,534	2,307,534
Change in Net Position	<u>-</u>	<u>2,307,534</u>	<u>2,307,534</u>
NET POSITION			
Total Net Position, July 1, 2017	-	7,580,901	7,580,901
Total Net Position, June 30, 2018	<u>\$ -</u>	<u>\$ 9,888,435</u>	<u>\$ 9,888,435</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, 2018**

	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	\$ 4,326,116	\$ 43,083,306	\$ 47,409,422
Cash Received for Interfund Services	28,179	-	28,179
Cash Payments to Suppliers for Goods and Services	(618,745)	(7,331,472)	(7,950,217)
Cash Payments to Employees for Services	(337,125)	-	(337,125)
Cash Payments for Interfund Services Used	-	(622,130)	(622,130)
Cash Payments for Insurance Claims	(4,345,946)	(32,487,278)	(36,833,224)
Net Cash Provided (Used) by Operating Activities	(947,521)	2,642,426	1,694,905
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loss Recoveries	72,017	-	72,017
Net Cash Provided (Used) by Noncapital Financing Activities	72,017	-	72,017
Net Increase (Decrease) in Cash and Cash Equivalents	(875,504)	2,642,426	1,766,922
Beginning Cash and Cash Equivalents	26,138,277	14,048,174	40,186,451
Ending Cash and Cash Equivalents	\$ 25,262,773	\$ 16,690,600	\$ 41,953,373
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (72,017)	\$ 2,307,534	\$ 2,235,517
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	-	(7,542)	(7,542)
Increase (Decrease) in Accounts Payable	(5,740)	(141,109)	(146,849)
Increase (Decrease) in Due to Other Funds	28,179	(635,024)	(606,845)
Increase (Decrease) in Due to Other Agencies	-	715	715
Increase (Decrease) in Unearned Revenue	-	9,575	9,575
Increase (Decrease) in Estimated Insurance Claims Payable	(897,943)	1,108,277	210,334
Total Adjustments	(875,504)	334,892	(540,612)
Net Cash Provided (Used) by Operating Activities	\$ (947,521)	\$ 2,642,426	\$ 1,694,905

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, 2018**

	Agency Funds		
	Total	Student and Club Activities	Employee Benefits Program
ASSETS			
Cash	\$ 3,464,572	\$ 3,389,132	\$ 75,440
LIABILITIES			
Internal Accounts Payable	\$ 3,389,132	\$ 3,389,132	\$ -
Payroll Deductions and Withholdings	75,440	-	75,440
Total Liabilities	\$ 3,464,572	\$ 3,389,132	\$ 75,440

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		Student and Club Activities			
		<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Assets					
Cash		\$ 3,209,138	\$ 6,853,684	\$ 6,673,690	\$ 3,389,132
Liabilities					
Internal Accounts Payable		\$ 3,209,138	\$ 6,853,684	\$ 6,673,690	\$ 3,389,132
		Employee Benefits Program			
		<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Assets					
Cash		\$ 53,698	\$ 867,647	\$ 845,905	\$ 75,440
Liabilities					
Payroll Deductions and Withholdings		\$ 53,698	\$ 867,647	\$ 845,905	\$ 75,440
		Total			
		<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Assets					
Cash		\$ 3,262,836	\$ 7,721,331	\$ 7,519,595	\$ 3,464,572
Liabilities					
Internal Accounts Payable		\$ 3,209,138	\$ 6,853,684	\$ 6,673,690	\$ 3,389,132
Payroll Deductions and Withholdings		53,698	867,647	845,905	75,440
Total Liabilities		<u>\$ 3,262,836</u>	<u>\$ 7,721,331</u>	<u>\$ 7,519,595</u>	<u>\$ 3,464,572</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, 2018

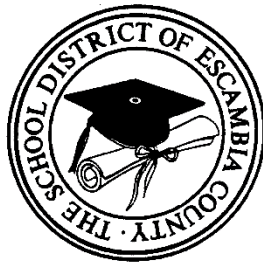
	Charter Schools			
	Beulah Academy of Science, Inc.	Jacqueline Harris Preparatory Academy	Pensacola Beach Elementary School, Inc.	Escambia Charter School, Inc.
ASSETS				
Cash and Cash Equivalents	\$ 1,082,584	\$ 256,669	\$ 564,200	\$ 41,737
Accounts Receivable	4,187	8,000	346,944	-
Deposits Receivable	-	52,616	-	-
Prepaid Items	-	-	23,869	12,000
Due from Other Agencies	-	5,182	-	-
Capital Assets:				
Non-Depreciable Capital Assets	428,690	530,871	-	-
Depreciable Capital Assets, Net	1,952,326	2,552,052	2,408,323	89,327
Total Assets	3,467,787	3,405,390	3,343,336	143,064
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	-	-	243,760	-
Total Deferred Outflows of Resources	-	-	243,760	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	\$ 3,467,787	\$ 3,405,390	\$ 3,587,096	\$ 143,064
LIABILITIES				
Salaries and Benefits Payable	\$ 155	\$ 18,104	\$ 36,823	\$ 24,606
Accounts Payable	172	-	346,670	2,169
Deposits Payable	-	-	-	-
Long-Term Liabilities:				
Portion Due Within One Year:				
Notes Payable	69,473	78,064	-	-
Obligations Under Capital Leases	4,165	-	-	-
Compensated Absences Payable	-	-	14,865	-
Portion Due After One Year:				
Notes Payable	628,694	2,781,097	-	-
Obligations Under Capital Leases	7,591	-	-	-
Compensated Absences Payable	-	-	25,491	-
Pension Liability	-	-	479,416	-
Total Liabilities	710,250	2,877,265	903,265	26,775
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	-	-	33,669	-
Total Deferred Inflows of Resources	-	-	33,669	-
NET POSITION				
Net Investment in Capital Assets	1,671,093	223,762	2,408,323	89,327
Restricted for:				
Other Required Carryover Programs	-	-	-	-
Unrestricted	1,086,444	304,363	241,839	26,962
Total Net Position - Component Units	2,757,537	528,125	2,650,162	116,289
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
	\$ 3,467,787	\$ 3,405,390	\$ 3,587,096	\$ 143,064

Charter Schools			The Escambia County Public Schools Foundation for Excellence, Inc.		Total Component Units
Byrneville Elementary School, Inc.	Capstone Academy Pensacola	Total Charter Schools			
\$ 1,249,434	\$ 154,959	\$ 3,349,583	\$ 689,509	\$	4,039,092
-	7,883	367,014	27,183		394,197
-	-	52,616	-		52,616
-	-	35,869	2,494		38,363
-	76,273	81,455	-		81,455
-	-	959,561	-		959,561
205,974	139,831	7,347,833	510		7,348,343
<u>1,455,408</u>	<u>378,946</u>	<u>12,193,931</u>	<u>719,696</u>		<u>12,913,627</u>
291,931	-	535,691	-		535,691
<u>291,931</u>	<u>-</u>	<u>535,691</u>	<u>-</u>		<u>535,691</u>
<u>\$ 1,747,339</u>	<u>\$ 378,946</u>	<u>\$ 12,729,622</u>	<u>\$ 719,696</u>		<u>\$ 13,449,318</u>
\$ -	\$ 5,802	\$ 85,490	\$ -	\$	85,490
33,831	-	382,842	2,981		385,823
-	7,000	7,000	-		7,000
-	-	147,537	-		147,537
-	-	4,165	-		4,165
16,406	-	31,271	-		31,271
-	-	3,409,791	-		3,409,791
-	-	7,591	-		7,591
19,269	-	44,760	-		44,760
559,589	-	1,039,005	-		1,039,005
<u>629,095</u>	<u>12,802</u>	<u>5,159,452</u>	<u>2,981</u>		<u>5,162,433</u>
42,456	-	76,125	-		76,125
<u>42,456</u>	<u>-</u>	<u>76,125</u>	<u>-</u>		<u>76,125</u>
201,079	-	4,593,584	510		4,594,094
-	-	-	580,445		580,445
874,709	366,144	2,900,461	135,760		3,036,221
<u>1,075,788</u>	<u>366,144</u>	<u>7,494,045</u>	<u>716,715</u>		<u>8,210,760</u>
<u>\$ 1,747,339</u>	<u>\$ 378,946</u>	<u>\$ 12,729,622</u>	<u>\$ 719,696</u>		<u>\$ 13,449,318</u>

**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

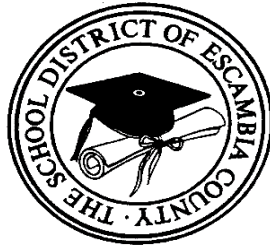
	Charter Schools			
	Beulah Academy of Science, Inc.	Jacqueline Harris Preparatory Academy	Pensacola Beach Elementary School, Inc.	Escambia Charter School, Inc.
Functions/Programs				
Expenses:				
Governmental Activities:				
Instruction	\$ 806,868	\$ 671,290	\$ 668,719	\$ 291,596
Student Support Services	851	-	-	43,040
Instructional Media Services	1,357	-	-	-
Instruction and Curriculum Development Services	39	-	-	-
Instructional Staff Training Services	280	-	1,748	2,200
Instruction-Related Technology Board	-	-	40,760	-
General Administration	207	-	19,386	-
School Administration	270,985	182,426	182,176	2,809
Facilities Acquisition and Construction	4,305	-	194,038	8,183
Fiscal Services	14,250	45,800	31,611	131,892
Food Services	187,673	-	-	-
Central Services	96,032	-	-	45,319
Student Transportation Services	227,989	181,827	16,340	113,367
Operation of Plant	198,841	372,044	206,203	51,281
Maintenance of Plant	80,970	91,100	1,033	12,015
Unallocated Interest on Long-Term Debt	37,607	123,114	-	-
Unallocated Depreciation Expense	-	-	-	-
Total Expenses	<u>1,928,254</u>	<u>1,667,601</u>	<u>1,362,014</u>	<u>702,162</u>
Program Revenues:				
Charges for Services	31,527	-	72,000	-
Operating Grants and Contributions	269,518	238,635	179,870	130,539
Capital Grants and Contributions	-	-	74,742	-
Total Program Revenues	<u>301,045</u>	<u>238,635</u>	<u>326,612</u>	<u>130,539</u>
Net Program Expense	<u>(1,627,209)</u>	<u>(1,428,966)</u>	<u>(1,035,402)</u>	<u>(571,623)</u>
General Revenues:				
Grants and Contributions Not Restricted to Specific Programs	1,739,932	1,556,726	954,352	534,945
Unrestricted Investment Earnings	-	-	8,054	714
Miscellaneous	86	10,006	9,894	18,564
Total General Revenues	<u>1,740,018</u>	<u>1,566,732</u>	<u>972,300</u>	<u>554,223</u>
Change in Net Position	112,809	137,766	(63,102)	(17,400)
Net Position				
Net Position, July 1, 2017	2,644,728	390,359	2,713,264	133,689
Net Position, June 30, 2018	<u>\$ 2,757,537</u>	<u>\$ 528,125</u>	<u>\$ 2,650,162</u>	<u>\$ 116,289</u>

Charter Schools			The Escambia County Public Schools Foundation for Excellence, Inc.	Total Component Units
Byrneville Elementary School, Inc.	Capstone Academy Pensacola	Total Charter Schools		
\$ 1,083,711	\$ 459,396	\$ 3,981,580	\$ 785,975	\$ 4,767,555
1,600	-	45,491	-	45,491
-	-	1,357	-	1,357
-	-	39	-	39
-	-	4,228	-	4,228
-	-	40,760	-	40,760
-	25	485	-	485
102,238	20,416	142,247	118,916	261,163
218,158	103,764	960,318	-	960,318
2,581	-	209,107	-	209,107
13,070	4,153	240,776	-	240,776
663	1,520	189,856	-	189,856
-	820	142,171	-	142,171
78,973	5,164	623,660	-	623,660
130,947	26,167	985,483	-	985,483
243	161	185,522	-	185,522
-	-	160,721	-	160,721
-	20,608	20,608	-	20,608
<u>1,632,184</u>	<u>642,194</u>	<u>7,934,409</u>	<u>904,891</u>	<u>8,839,300</u>
156	149,766	253,449	-	253,449
58,801	57,111	934,474	-	934,474
-	-	74,742	-	74,742
<u>58,957</u>	<u>206,877</u>	<u>1,262,665</u>	<u>-</u>	<u>1,262,665</u>
<u>(1,573,227)</u>	<u>(435,317)</u>	<u>(6,671,744)</u>	<u>(904,891)</u>	<u>(7,576,635)</u>
1,415,201	460,830	6,661,986	779,364	7,441,350
1,527	-	10,295	265	10,560
100,463	7,918	146,931	192,557	339,488
<u>1,517,191</u>	<u>468,748</u>	<u>6,819,212</u>	<u>972,186</u>	<u>7,791,398</u>
(56,036)	33,431	147,468	67,295	214,763
<u>1,131,824</u>	<u>332,713</u>	<u>7,346,577</u>	<u>649,420</u>	<u>7,995,997</u>
<u>\$ 1,075,788</u>	<u>\$ 366,144</u>	<u>\$ 7,494,045</u>	<u>\$ 716,715</u>	<u>\$ 8,210,760</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>	128
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>	136
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>	142
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>	147
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>	152

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, 2009	June 30, 2010	June 30, 2011
Governmental Activities:			
Net Investment in Capital Assets	\$ 219,815,751	\$ 225,400,496	\$ 252,115,638
Restricted	123,598,721	134,790,510	107,465,893
Unrestricted	<u>(8,902,576)</u>	<u>(3,287,909)</u>	<u>22,166,216</u>
Total Governmental Activities Net Position	<u>\$ 334,511,896</u>	<u>\$ 356,903,097</u>	<u>\$ 381,747,747</u>

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

Source: District Records

Fiscal Year Ending						
<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>	<u>June 30, 2018</u>
\$ 254,218,697	\$ 252,132,981	\$ 269,930,903	\$ 288,526,040	\$ 234,417,599	\$ 301,633,148	\$ 341,718,135
115,478,880	119,870,743	121,223,565	115,241,269	182,241,764	129,167,248	105,923,265
5,025,406	90,030	(2,969,337)	(131,632,624)	(140,330,443)	(147,573,423)	(162,827,890)
<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>	<u>\$ 284,813,510</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, 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	June 30, 2018
Primary Government:										
Expenses:										
Governmental Activities:										
Instruction	\$ 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	\$ 214,425,693
Student Support Services	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	17,331,002
Instructional Media Services	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	4,517,610
Instruction and Curriculum Development Services	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	13,201,725
Instructional Staff Training Services	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	6,348,029
Instruction-Related Technology	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	4,736,281
Board	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	1,300,560
General Administration	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	2,145,111
School Administration	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	15,858,774
Facilities Acquisition and Construction	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	21,339,837
Fiscal Services	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	2,330,536
Food Service	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	21,261,023
Central Services	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	6,062,529
Student Transportation Services	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	20,887,224
Operation of Plant	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	25,346,355
Maintenance of Plant	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	11,107,852
Administrative Technology Services	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	3,479,380
Community Services	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	1,085,710
Unallocated Interest on Long-Term Debt	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	1,658,723
Loss on Disposal of Capital Assets	1,123,337	-	-	-	-	-	-	-	-	-
Total Governmental Activities	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	394,423,954
Business-Type Activities:										
Panhandle Management Development Network	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total Primary Government	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	394,423,954
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction	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	1,189,505
Facilities Acquisition and Construction	-	-	-	-	33,888	40,716	28,759	38,707	37,259	38,499
Food Services	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	2,215,916
Transportation	457,021	415,479	262,892	437,998	256,127	252,548	241,944	259,827	254,942	162,620
Community Services	-	-	-	-	394,213	393,075	424,983	471,105	475,398	501,109
Operating Grants and Contributions	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	19,920,098
Capital Grants and Contributions	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	2,730,986
Total Governmental Activities Program Revenues	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	26,758,733

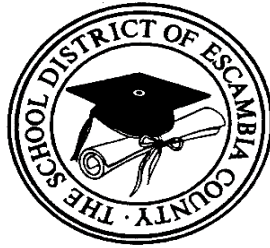
(Continued)

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, 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	June 30, 2018
Total Primary Government Program Revenues	\$ 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	\$ 26,758,733
Net (Expenses)/Revenues										
Governmental Activities	(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)	(367,665,221)
Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total Primary Government Net Expenses	(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)	(367,665,221)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes:										
Levied for Operational Purposes	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	88,593,488
Levied for Capital Projects	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	25,897,925
Local Sales Taxes	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	26,693,489
Grants and Contributions Not Restricted to Specific Programs	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	235,440,637
Unrestricted Investment Earnings	1,743,725	492,008	295,489	158,475	77,582	96,333	584,835	681,813	1,300,072	1,877,193
Miscellaneous	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	3,072,906
Loss Recoveries	1,085,919	-	-	-	-	-	-	-	-	-
Total Governmental Activities	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	381,575,638
Business-Type Activities:										
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total Primary Government General Revenues and Other Changes in Net Position	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	381,575,638
Changes in Net Position:										
Governmental Activities	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	13,910,417
Adjustment to Net Position (a)	-	-	-	-	-	-	(131,422,474)	-	-	(12,323,880)
Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total Primary Government	\$ 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	\$ 1,586,537

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							
	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
General Fund								
Nonspendable	\$ 1,215,720	\$ 1,208,455	\$ 1,208,455	\$ 1,215,625	\$ 1,208,455	\$ 1,208,455	\$ 1,399,578	\$ 1,434,376
Restricted	9,184,279	13,311,648	9,106,284	17,486,027	13,050,637	12,301,277	14,472,496	11,032,511
Assigned	15,762,759	20,804,591	21,234,802	20,243,410	22,247,545	24,577,866	25,167,612	26,744,108
Unassigned	40,731,996	20,156,679	19,036,830	14,514,070	14,759,425	10,456,241	8,148,624	5,955,245
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>	<u>\$ 45,166,240</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	\$ 2,518,830
Restricted	92,954,183	95,657,391	106,024,402	102,022,323	91,533,061	159,853,016	144,366,037	100,991,717
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>	<u>\$ 103,510,547</u>

Pre-GASB 54

	Fiscal Year Ending	
	June 30, 2009	June 30, 2010
General Fund		
Reserved for:		
Encumbrances	\$ 1,336,715	\$ 1,609,721
State Categorical Programs	7,549,726	12,581,661
Inventories	1,316,108	1,270,326
Legal Restrictions	3,005,887	1,706,293
Other Purposes		
Unreserved	24,432,388	32,916,644
Total General Fund	<u>\$ 37,640,824</u>	<u>\$ 50,084,645</u>
All Other Governmental Funds		
Reserved for:		
Debt Service	\$ 244,188	\$ 220,117
Encumbrances	13,645,239	28,830,870
Inventories	1,337,149	1,178,765
Unreserved, Reported in:		
Special Revenue Funds	4,779,396	5,733,237
Debt Service Funds	4,715,914	4,743,512
Capital Projects Funds	78,322,174	66,064,908
Total All Other Governmental Funds	<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, 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	June 30, 2018
Revenues:										
Federal Direct:										
Federal Impact, Current Operations	\$ 1,018,679	\$ 765,872	\$ 920,990	\$ 724,457	\$ 701,600	\$ 550,597	\$ 615,566	\$ 520,324	\$ 407,487	\$ 378,907
Reserve Officers Training Corps (ROTC)	413,473	435,838	433,570	424,206	435,608	437,965	438,955	457,309	471,063	404,967
Other Federal Direct Sources	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	2,035,210
Total Federal Direct	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	2,819,084
Federal Through State and Local:										
Food Service	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	19,619,678
Other Federal Through State and Local Sources	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	30,598,505
Total Federal Through State and Local	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	50,218,183
State:										
Florida Education Finance Program (FEFP)	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	149,340,069
Workforce Development	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	4,060,898
Adults with Disabilities	241,255	230,654	219,164	187,087	160,690	162,244	167,298	-	-	-
Categorical Educational Programs	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	44,500,630
Discretionary Lottery Funds	942,182	106,881	143,196	125,912	-	387,403	142,093	-	657,935	68,609
CO&DS Distribution	259,043	228,989	179,241	155,363	184,231	181,172	272,230	997,774	1,218,416	1,353,223
CO&DS Withheld for SBE/COBI Bonds	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	282,396
Public Education Capital Outlay	3,264,046	821,950	2,262,924	-	-	-	787,693	912,198	1,388,480	1,081,559
Class Size Reduction	-	-	-	-	-	-	-	-	-	-
Food Service	360,688	336,673	347,024	317,775	301,994	302,684	284,424	279,694	277,640	277,420
Other State Sources	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	4,075,841
Total State	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	205,040,645
Local:										
Property Taxes	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	114,491,413
Sales Taxes	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	26,693,489
Charges for Food Service	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	2,215,916
Interest Income	1,683,864	453,046	281,179	141,013	55,362	96,333	596,541	734,149	1,300,072	1,877,193
Other Local Sources	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	4,964,639
Total Local	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	150,242,650
Total Revenues	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	408,320,562
Expenditures:										
Current - Education:										
Instruction	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	207,636,368
Student Support Services	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	17,534,208
Instructional Media Services	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	4,580,366
Instruction and Curriculum	-	-	-	-	-	-	-	-	-	-
Development Services	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	13,211,227
Instructional Staff Training Services	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	6,368,695
Instruction-Related Technology (a)	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	4,474,730
Board	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	1,316,342

(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)

	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<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>	<u>June 30, 2018</u>
General Administration	\$ 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	\$ 2,156,983
School Administration	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	16,092,768
Facilities Acquisition and Construction	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	17,130,892
Fiscal Services	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	2,364,027
Food Service	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	20,903,229
Central Services	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	6,024,459
Student Transportation Services	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	18,479,788
Operation of Plant	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	25,352,221
Maintenance of Plant	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	11,042,054
Administrative Technology Services (a)	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	3,304,349
Community Services	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	1,083,138
Fixed Capital Outlay:										
Facilities Acquisition and Construction	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	55,351,540
Charter School Local Capital Improvement	-	-	-	-	-	-	-	-	-	271,558
Other Capital Outlay	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	8,964,459
Debt Service:										
Principal	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	7,645,309
Interest and Fiscal Charges	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	3,059,376
Total Expenditures	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	454,348,086
Excess (Deficiency) of Revenues Over Expenditures	(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)	(46,027,524)
Other Financing Sources (Uses)										
Bonds Issued	-	-	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)	-	-	(945,961)
Sale of Capital Assets	-	3,195,330	-	1,669,973	924,408	1,113,573	1,877,010	1,369,143	-	165,893
Loss Recoveries	1,085,919	1,233	7,474,473	45,345	650,765	500,000	3,285,325	1,896,824	1,865,544	13,808
Premiums on Long-Term Debt Issued	-	-	19,346	255,174	-	36,560	2,548,722	8,641,751	123,846	-
Transfers In	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	19,511,380
Transfers Out	(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)	(19,511,380)
Total Other Financing Sources (Uses)	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	(766,260)
Change in Fund Balances Before Extraordinary Items	(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)	(46,793,784)
Net Change in Fund Balances	(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)	(46,793,784)
Fund Balances, Beginning	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	195,470,571
Fund Balances, Ending	\$ 140,684,885	\$ 156,856,055	\$ 161,183,847	\$ 152,425,762	\$ 158,211,243	\$ 157,196,670	\$ 144,776,960	\$ 210,601,455	\$ 195,470,571	\$ 148,676,787
Debt Service as a Percentage of Noncapital Expenditures	1.97%	1.94%	1.83%	1.83%	1.90%	1.84%	1.68%	1.59%	2.60%	2.74%

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, 2018	\$ 88,593,488	\$ 25,897,925	\$ 26,693,489	\$ 141,184,902
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

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				
2017-18	\$ 23,949,793	\$ 2,323,977	\$ 30,510	\$ 26,304,280	\$ 9,152,638	\$ 17,151,642	65.20%	6.631
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

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			
	2008-09	2009-10	2010-11	2011-12
Direct Rates:				
District School Board:				
Local Required Effort	5.286	5.612	5.631	5.573
Discretionary Local	0.498	0.748	0.748	0.748
Supplemental Discretionary	0.250	0.250	0.250	0.000
Capital Improvement	1.686	1.250	1.231	1.500
Total District School Board	7.720	7.860	7.860	7.821
Overlapping Rates:				
Escambia County	6.976	6.976	6.975	6.975
Escambia County Municipal Service Taxing Unit	0.685	0.685	0.685	0.685
City of Pensacola	4.540	4.540	4.540	4.289
City of Pensacola Downtown Improvement Board	2.000	2.000	2.000	2.000
Northwest Florida Water Management	0.045	0.045	0.045	0.040
Town of Century	0.823	0.905	0.905	0.905

Source: Escambia County Tax Collector

Fiscal Year						
<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	
5.510	5.309	5.237	4.999	4.666	4.383	
0.748	0.748	0.748	0.748	0.748	0.748	
0.000	0.000	0.000	0.000	0.000	0.000	
<u>1.500</u>	<u>1.500</u>	<u>1.337</u>	<u>1.366</u>	<u>1.462</u>	<u>1.500</u>	
<u>7.758</u>	<u>7.557</u>	<u>7.322</u>	<u>7.113</u>	<u>6.876</u>	<u>6.631</u>	
6.975	6.976	6.617	6.616	6.617	6.617	
0.685	0.685	0.685	0.685	0.685	0.685	
4.289	4.290	4.290	4.290	4.290	4.290	
2.000	2.000	2.000	2.000	2.000	2.000	
0.040	0.040	0.039	0.038	0.037	0.035	
0.905	0.901	0.871	0.901	0.973	0.920	

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

	Fiscal Year					
	2017-18			2008-09		
Taxpayer	Rank	Assessed Value	Percentage of Total Assessed Value	Rank	Assessed Value	Percentage of Total Assessed Value
Gulf Power Company	1	\$ 693,980	3.55%	1	\$ 445,543	2.71%
International Paper Company	2	270,589	1.39%	2	401,419	2.44%
West Florida Regional Medical Center	3	106,083	0.54%	8	95,449	0.58%
Solutia, Inc. / Ascend Perf. Mat.	4	110,628	0.57%	3	193,348	1.18%
Simon Debartolo Group / Simon Property	5	75,155	0.38%			
Navy Federal Credit Union	6	142,675	0.73%			
Wal-Mart Stores, Inc.	7	69,221	0.35%	10	67,684	0.41%
City of Pensacola	8	221,337	1.13%	6	121,493	0.74%
Sacred Heart Health Systems	9	241,612	1.24%	4	186,377	1.13%
Bellsouth Telecommunication	10	43,512	0.22%	9	78,912	0.48%
Pensacola POB / Baptist Hospital				5	154,557	0.94%
Pensacola Christian College				7	118,726	0.72%
Totals		<u>\$ 1,974,792</u>	<u>10.10%</u>		<u>\$ 1,863,508</u>	<u>11.36%</u>
 Total Estimated Assessed Value - County		<u>\$ 19,533,584</u>			<u>\$ 16,435,045</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
2017-18	\$ 118,700,546	\$ 113,897,590	95.95%	\$ 593,823	\$ 114,491,413	96.45%
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%

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		
2017-18	\$ 1,698,916	\$ 18,981,622	\$ 53,306,459	\$ -	\$ 73,986,997	0.596%	236
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

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, 2018
(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	\$ 1,698,916	\$ 53,306,459	\$ 18,981,622	\$ 73,986,997	100%
Escambia County (1)				184,646,411.00	100%

(1) County debt outstanding was not determined at June 30, 2018, as their fiscal year ends on September 30. Consequently, September 30, 2017 data is reported.

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.

Source: District Records; Escambia County CAFR

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
PLEGGED REVENUE COVERAGE
LOCAL SALES TAX
June 30, 2018
(Unaudited)

Fiscal Year	Sales Tax Revenue	Debt Service		Total Debt Service	Coverage
		Principal	Interest		
2017-18	\$ 26,693,489	\$ 3,650,000	\$ 2,139,200	\$ 5,789,200	4.61
2016-17	24,900,899	2,155,000	2,453,015	4,608,015	5.40

Source: District records

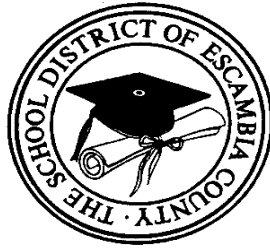
Source: District Records; Escambia County CAFR

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
2017-18	\$ 17,937,051,307	n/a	\$ -	\$ -	0.00%
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%

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

Source: District Records



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**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)
2017-18	\$ 17,937,051	\$ 4,782,240	.28 Mills
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

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

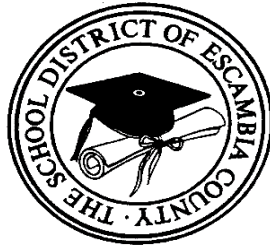
**DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)**

Fiscal Year	Population (A)	Personal Income	Per Capita Personal Income (A)	Median Age (A)
2017-18	313,381	\$ 12,404,246,742	\$ 39,582	37.90
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

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
3.9%	39,807.09	\$ 388,129,316	\$ 9,750
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



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

Employer	Fiscal Year					
	2017-18 ⁽¹⁾			2008-09 ⁽²⁾		
	Employees	Rank	Percentage of Labor Force	Employees	Rank	Percentage of Labor Force
Local Government	15,800	1	10.88%	15,790	1	11.32%
Federal Government	6,700	2	4.61%	7,403	2	5.31%
State of Florida	6,300	3	4.34%	5,970	3	4.28%
Baptist Healthcare	6,633	4	4.57%	3,163	5	2.27%
Navy Federal Credit Union	6,342	5	4.37%	1,200	10	0.86%
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	8	0.93%
Solutia, Inc. / Ascend Perf. Materials	888	9	0.61%	1,400	7	1.00%
West Corporation	800	10	0.55%			
University of West Florida				1,231	9	0.88%
Lakeview Center				2,000	6	1.43%
Total	51,257		35.30%	45,857		32.86%
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		
				2008-09	2009-10	2010-11
Elementary Schools/K-8						
Allen Elementary	1956	86,479		590.63	582.19	652.44
Bellview Elementary	1950	98,997	1	722.02	730.25	672.10
Beulah Elementary	1980	111,503	18	767.96	817.78	844.84
Bibbs Elementary	1962	57,871		336.40	328.55	242.86
Blue Angels Elementary	1999	127,545	2	860.56	925.00	871.90
Bratt Elementary	1980	74,925	4	393.28	429.61	422.30
Brentwood Elementary	1937	69,447	9	413.87	500.41	535.68
Caro Elementary	1989	116,550	8	908.50	947.05	912.02
Carver/Century K-8	1958	61,793	1	213.65		
Cook Elementary	1997	119,728		608.90	623.68	658.59
Cordova Park Elementary	1962	92,107	8	658.14	676.26	659.22
Edgewater Elementary	1962	51,663		350.87		
Ensley Elementary	1959	71,923	10	348.21	354.68	406.52
Ferry Pass Elementary	1957	85,515	9	619.81	687.15	706.56
Global Learning Academy	2011	130,802				
Hallmark Elementary	1928	36,993	3	225.34	212.56	210.84
Holm Elementary	1999	110,183	1	534.63	517.04	491.35
Lincoln Park Elementary	1961	64,344	1	247.52	214.04	225.60
Lipscomb Elementary	1991	125,937	11	1,018.97	1,005.05	945.39
Longleaf Elementary	1975	91,612	3	746.02	670.47	717.83
McArthur Elementary	1975	107,456	11	714.42	726.02	704.10
Molino Park Elementary	2002	129,694		431.27	390.37	387.18
Montclair Elementary	1960	69,989	2	473.91	458.55	332.80
Myrtle Grove Elementary	1936	82,080	6	651.69	684.76	661.41
Navy Point Elementary	1954	79,369		331.85	397.30	435.80
Oakcrest Elementary	1956	81,602	19	426.31	413.72	448.61
Pine Meadow Elementary	1960	92,782	13	797.83	835.71	844.88
Pleasant Grove Elementary	1948	70,718	6	645.02	648.00	666.57
Scenic Heights Elementary	1960	108,940	8	779.99	837.44	782.45
Semmes Elementary	1955	71,164		266.07	297.80	263.26
Sherwood Elementary	1958	85,082	1	518.14	489.16	532.50
Suter Elementary	2015	110,295		367.55	385.52	400.23
Warrington Elementary	1947	74,228	10	369.93	502.06	516.25
Weis Elementary	1990	111,524		533.02	517.78	464.15
West Pensacola Elementary	1955	76,650	8	455.00	530.31	499.98
Ynuestra Elementary	1938	39,600	1	235.79	234.89	256.63
Total Elementary Schools			174	18,563.07	18,571.16	18,372.84
Middle Schools						
Bailey Middle School	1993	201,368	12	1,488.20	1,453.50	1,479.60
Bellview Middle School	1961	161,835	8	1,099.50	1,060.30	1,107.60
Brentwood Middle School	1955	88,445				
Brown Barge Middle School ⁽³⁾	1955	98,810	3	652.71	634.00	617.50
Brownsville Middle School	1955	106,664				
Ferry Pass Middle School	1961	147,017	1	894.56	873.37	946.00
Ransom Middle School	1987	190,378	11	1,325.81	1,310.05	1,312.30
Ward Middle School	2015	121,676		461.49	519.31	480.00
Warrington Middle School	1953	138,041	4	854.80	850.71	731.11
Wedgewood Middle School	1964	85,650				
Woodham Middle School	1964	236,668	1	928.50	924.90	912.63
Workman Middle School	1962	156,155	2	866.11	867.10	936.43
Total Middle Schools			42	8,571.68	8,493.24	8,523.17

Full-Time Equivalent Enrollment Data

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
628.36	632.13	563.93	577.49	616.68	613.47	599.61
698.00	746.50	696.10	720.25	750.09	761.17	727.06
887.80	896.00	920.11	967.64	963.52	991.32	978.19
884.76	989.10	849.17	913.43	943.19	881.70	871.85
436.02	438.91	414.96	401.14	418.33	425.33	476.12
542.87	555.39	616.97	585.98	578.77	557.12	523.07
943.06	908.97	952.20	954.91	895.03	837.11	830.39
628.50	635.72	622.13	579.89	587.39	593.80	599.12
713.52	677.22	707.88	680.48	682.43	704.79	659.61
442.93	427.16	457.85	474.93	493.22	474.93	439.76
708.42	622.66	688.46	724.37	679.90	591.64	603.91
780.06	753.14	757.43	757.96	726.80	739.26	649.06
471.58	430.67	440.04	470.40	499.21	489.95	449.53
261.56	276.44	140.02	147.40	179.88	172.38	229.30
903.03	911.39	926.99	931.84	921.90	879.04	869.40
730.88	690.67	784.36	772.13	770.94	722.20	659.80
686.64	693.60	740.55	762.06	770.49	752.01	744.94
397.26	387.26	381.35	415.13	410.79	422.45	440.86
373.04	363.04	341.33	308.66	356.06	314.68	303.90
662.82	677.72	703.69	606.89	657.60	611.09	517.70
481.62	483.58	508.65	449.89	495.59	571.33	488.85
470.03	518.35	602.87	663.55	568.83	518.23	521.00
856.67	909.03	942.99	905.42	920.55	906.51	940.59
675.09	680.62	631.70	729.36	670.16	626.56	676.74
780.00	841.67	872.57	762.30	815.99	801.85	910.43
335.69	366.24	405.43	397.86	377.29	429.06	451.36
509.20	526.66	589.50	605.46	615.82	598.21	573.88
367.58	434.72	423.62	437.37	538.94	586.77	576.76
508.12	483.24	485.95	425.29	429.36	379.78	374.40
487.68	492.60	573.90	545.03	494.12	444.33	473.59
497.94	472.12	404.83	425.20	439.63	506.95	502.91
18,750.73	18,922.52	19,147.53	19,099.71	19,268.50	18,905.02	18,663.69
1,406.93	1,400.90	1,481.31	1,389.71	1,345.55	1,355.79	1,372.55
1,071.40	1,110.69	980.69	1,019.59	1,009.27	972.73	1,004.94
610.70	620.99	594.23	576.87	536.36	549.83	570.57
889.82	980.71	1,011.74	987.37	1,023.05	1,049.24	1,052.39
1,356.40	1,360.09	1,429.64	1,392.08	1,331.97	1,388.04	1,449.59
465.58	461.33	458.58	453.79	459.52	432.56	486.20
727.70	705.79	649.87	672.76	666.21	680.24	678.15
853.80	805.80	699.61	687.07	821.14	769.52	745.89
921.42	1,008.49	979.62	941.48	852.49	779.94	775.98
8,303.75	8,454.79	8,285.29	8,120.72	8,045.56	7,977.89	8,136.26

(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			
				2008-09	2009-10	2010-11	2011-12
High Schools							
Escambia High School	1958	283,880	6	1,895.15	1,873.29	1,811.94	1,786.06
West Florida High School of Advanced Technology	1967	338,380	12	1,300.88	1,296.67	1,279.41	1,249.58
Northview High School	1993	148,273	1	546.10	552.65	541.38	540.27
Pensacola High School	1949	288,059	5	1,532.93	1,641.12	1,607.20	1,611.19
Pine Forest High School	1974	246,196	14	1,833.24	1,876.25	1,744.28	1,702.56
Tate Senior High School	1950	318,045	1	1,909.05	1,955.85	1,928.49	1,884.06
Washington High School	1976	276,563	8	1,691.68	1,634.31	1,591.01	1,609.95
Woodham High School	1962	115,126					
Total High Schools			47	10,709.03	10,830.14	10,503.71	10,383.67
Special Centers							
Judy Andrews Pre-K Center	1965	20,458		44.00			
Clubbs Alternative Middle School	1938	35,459		148.50	85.50		
Judy Andrews Second Chance Center ⁽⁴⁾	1954	45,495			53.50	52.00	40.51
E-Seal Center	1992	36,527	5	83.97	85.31		
Sid Nelson Community Learning	1956	56,836		143.75	154.24		
McMillian Learning Center	1961	44,979	5	65.49	70.36	84.30	68.15
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	218.64	226.07	232.00	246.00
OASIS High School Preparatory Academy	1965			72.00			
Total Special Centers			20	776.35	674.98	368.30	354.66
Other Programs							
Camelot	n/a	n/a	n/a			182.50	154.00
District Administered Programs	n/a	n/a	n/a	147.00	123.93	108.46	102.20
Escambia County Jail	n/a	n/a	n/a	1.35	4.65	2.90	9.00
Escambia Juvenile Justice Center	n/a	n/a	n/a	70.00	50.00	44.50	58.22
Hospital & Homebound	n/a	n/a	n/a	14.13	10.07	9.99	12.28
Drug and Alcohol Residential Treatment Center (DAART)	n/a	n/a	n/a	16.00	15.00	16.00	18.50
Lakeview Center	n/a	n/a	n/a	40.00	36.50	29.00	29.50
Escambia Boys Base	n/a	n/a	n/a	26.02	25.50	24.50	27.66
Escambia Bay Marine	n/a	n/a	n/a	72.00	55.50	54.00	74.55
Outward Bound	n/a	n/a	n/a				
PACE Center for Girls	n/a	n/a	n/a	51.00	53.00	50.50	66.80
McKay Scholarships	n/a	n/a	n/a	163.00	192.00	235.00	235.00
Opportunity Scholarships	n/a	n/a	n/a				
Total Other Programs				600.50	566.15	757.35	787.71
Charter Schools							
A. A. Dixon Charter School of Excellence	n/a	n/a	n/a			220.30	156.50
Beulah Academy of Science, Inc.	n/a	n/a	n/a	261.70	261.60	261.30	282.90
Byrneville Elementary School, Inc.	n/a	n/a	n/a	166.80	178.60	161.40	157.10
Capstone Academy Pensacola	n/a	n/a	n/a	18.82	24.84	25.93	21.51
Escambia Charter School, Inc.	n/a	n/a	n/a	130.50	126.00	107.50	126.50
Dr. Ruby J. Gainer School for Reaching Your Dream	n/a	n/a	n/a	113.50			
Jacqueline Harris Preparatory Academy	n/a	n/a	n/a	203.30	182.00	214.50	188.00
Life Skills Center	n/a	n/a	n/a				
Five Flags Academy	n/a	n/a	n/a				
Newpoint Academy Middle School	n/a	n/a	n/a				189.10
Newpoint Pensacola High School	n/a	n/a	n/a				81.50
Pensacola Beach Elementary School, Inc.	n/a	n/a	n/a	143.76	140.68	141.45	135.45
Total Charter Schools				1,038.38	913.72	1,132.38	1,338.56
Virtual Instruction Programs	n/a	n/a	n/a				199.94
Total District				40,259.01	40,049.39	39,657.75	40,119.02

⁽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

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1,646.34	1,678.82	1,707.46	1,656.07	1,683.17	1,750.59
1,245.51	1,254.39	1,257.06	1,260.21	1,307.05	1,295.79
535.95	495.89	481.26	487.65	476.77	458.70
1,571.52	1,463.15	1,419.10	1,403.39	1,360.71	1,401.57
1,729.23	1,646.97	1,674.06	1,628.62	1,582.40	1,558.14
1,969.99	1,928.67	2,073.34	2,144.00	2,095.49	2,096.45
1,623.54	1,626.17	1,711.79	1,720.77	1,730.68	1,736.67
<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>	<u>10,297.91</u>
38.76	40.72	42.99	57.09	100.11	121.18
49.14	38.95	25.51	16.96	21.84	25.82
			12.33	24.00	18.00
			0.31		
238.50	242.49	228.83	228.47	231.49	208.55
<u>326.40</u>	<u>322.16</u>	<u>297.33</u>	<u>315.16</u>	<u>377.44</u>	<u>373.55</u>
160.00	177.75	181.05	177.80	153.30	170.13
90.44	92.98	100.45	82.83	70.09	85.61
17.00	15.13	17.30	28.14	21.46	9.95
49.53	48.09	52.05	36.42	60.49	83.53
9.33	9.85	14.76	6.08	9.03	8.90
16.00	16.41	12.45	12.68	13.61	11.28
28.50	26.63	24.90	43.48	46.66	38.69
19.17	28.38	30.34	34.39	33.02	30.47
59.12	31.69				
63.43	62.61	72.62	69.10	73.48	65.32
248.50	316.71	328.86	311.35	386.00	391.00
<u>761.02</u>	<u>826.23</u>	<u>834.78</u>	<u>802.27</u>	<u>867.14</u>	<u>894.88</u>
160.00					
282.60	288.04	286.55	289.88	286.68	286.02
158.80	174.10	191.63	206.72	206.50	214.49
25.50	26.00	23.42	24.93	32.86	28.53
114.00	120.03	115.26	103.73	90.62	99.07
174.50	197.63	179.94	209.75	203.64	232.08
		89.44			
166.80	158.33	172.87			
91.03	113.23	109.43			
<u>138.26</u>	<u>135.34</u>	<u>138.00</u>	<u>139.10</u>	<u>150.09</u>	<u>136.57</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>996.76</u>
<u>241.88</u>	<u>282.75</u>	<u>172.54</u>	<u>403.48</u>	<u>524.92</u>	<u>444.04</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>	<u>39,807.09</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
2017-18	3,139	181	2,057	5,377	12.68	17.34
2016-17	3,082	178	2,040	5,300	12.95	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

(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
2017-18	\$ 37,000	\$ 40,600	\$ 66,800	\$ 70,400	\$ 43,963
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

(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.

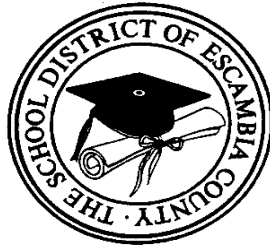
Sources: Minimum & Maximum Salaries - District Records; Average Teacher Salaries - Florida Department of Education.

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

	Fiscal Year Ending			
	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Days Meals were Served	180	177	180	180
Average Number of Free and Reduced Meals Served Daily	27,681	29,557	30,082	31,288
Number of Free and Reduced Meals Served	4,982,623	5,231,541	5,414,671	5,631,896
Average Daily Subsidy Received	\$ 71,958	\$ 78,042	\$ 79,942	\$ 83,309
Total Subsidy Received	\$ 12,952,440	\$ 13,813,367	\$ 14,389,546	\$ 14,995,628
Average Number of Meals Served Daily	33,766	35,511	35,774	36,613
Number of Meals Served	6,077,927	6,285,394	6,439,395	6,590,289
Average Daily Revenues	\$ 104,226	\$ 107,987	\$ 108,906	\$ 109,692
Total Revenues	\$ 18,760,744	\$ 19,113,616	\$ 19,603,137	\$ 19,744,479
Average Daily Costs	\$ 99,617	\$ 102,972	\$ 99,434	\$ 111,823
Total Costs	\$ 17,931,037	\$ 18,226,102	\$ 17,898,106	\$ 20,128,069

Source: District Records

Fiscal Year Ending					
June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
177	175	180	180	179	175
30,980	30,792	30,809	32,567	31,442	35,153
5,483,459	5,388,581	5,545,625	5,862,052	5,628,083	6,151,817
\$ 88,638	\$ 90,802	\$ 1,580	\$ 90,295	\$ 89,222	\$ 101,975
\$ 15,688,854	\$ 15,890,352	\$ 284,424	\$ 16,253,037	\$ 15,970,789	\$ 17,845,684
36,473	35,870	35,751	35,875	34,462	36,814
6,455,792	6,277,235	6,435,127	6,457,472	6,168,739	6,442,413
\$ 111,500	\$ 112,721	\$ 110,961	\$ 116,613	\$ 113,276	\$ 126,738
\$ 19,735,430	\$ 19,726,102	\$ 19,973,056	\$ 20,990,375	\$ 20,276,400	\$ 22,179,211
\$ 118,833	\$ 118,158	\$ 112,483	\$ 111,525	\$ 117,249	\$ 120,478
\$ 21,033,403	\$ 20,677,648	\$ 20,246,983	\$ 20,074,488	\$ 20,987,576	\$ 21,083,616



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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, 2018*

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	\$ 4,615,092
National School Lunch Program	10.555	17001	14,906,173
Summer Food Service Program for Children	10.559	17006	<u>45,201</u>
Total Child Nutrition Cluster			<u>19,566,466</u>
Florida Department of Agriculture and Consumer Services:			
Fresh Fruit and Vegetable Program	10.582	17004	<u>25,550</u>
Florida Department of Health:			
Child and Adult Care Food Program	10.558	5033	<u>27,662</u>
Total United States Department of Agriculture			<u>19,619,678</u>
United States Department of Defense:			
Direct:			
Army Junior Reserve Officers Training Corps	12.UNK	N/A	73,327
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	66,286
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	265,354
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	N/A	<u>1,201,031</u>
Total United States Department of Defense			<u>1,605,998</u>
United States Department of Labor:			
Indirect:			
WIOA Cluster:			
Workforce Escarosa, Inc.:			
WIOA Youth Activities	17.259	2016-2017-03	<u>184,951</u>
Total United States Department of Labor			<u>184,951</u>
United States Department of Education:			
Direct:			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	N/A	<u>832,908</u>
Impact Aid	84.041	N/A	<u>378,907</u>
Total Direct			<u>1,211,815</u>
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	262, 263	10,325,407
Special Education - Preschool Grants	84.173	266, 267	<u>424,018</u>
Total Special Education Cluster			<u>10,749,425</u>

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

<u>Federal Grantor /Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass-Through Grantor Number</u>	<u>Amount of Expenditures (1)</u>
Florida Department of Education:			
Adult Education - Basic Grants to States	84.002	191	171,150
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	13,866,671
Migrant Education - State Grant Program	84.011	217	217,568
Title I Program for Neglected & Delinquent Children	84.013	223	163,159
Title IV Student Support and Academic Enrichment Grant	84.424		59,466
Career and Technical Education - Basic Grants to States	84.048	161	629,657
Education for Homeless Children and Youth	84.196	127	298,864
English Language Acquisition Grants	84.365	102	67,352
Supporting Effective Instruction State Grants	84.367	224	<u>1,567,727</u>
Total Florida Department of Education			<u>17,041,614</u>
Total Indirect			<u>27,791,039</u>
Total United States Department of Education			<u>29,002,854</u>
United States Department of Health and Human Services:			
Indirect:			
Community Action Community - Head Start:			
Head Start	93.600	None	<u>544,085</u>
Total United States Department of Health and Human Services			<u>544,085</u>
Total Expenditures of Federal Awards			<u>\$ 50,957,566</u>

Notes:

(1) Basis of Presentation

The accompanying Schedule 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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present 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 \$1,673,590 of donated food received during the fiscal year. Donated foods are recorded at fair value as determined at the time of donation.

(B) Impact Aid - Expenditures are related to grant numbers/programs as follows: 19-FL-2016-0001 (\$99,343) and 19-FL-2018-0001 (\$279,564).



Certified Public Accountants

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

Chairman and Members of
The District School Board of Escambia County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Escambia County, Florida (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2018. Our report includes a reference to other auditors who audited the financial statements of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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.

Chairman and Members of
The District School Board of Escambia County, Florida

Compliance and Other Matters

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

Pursuant to provisions of Chapter 10.800, *Rules of the Auditor General*, we reported certain matters to management of the District in a separate management letter and Independent Accountant's Report dated December 3, 2018.

Purpose of this Report

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



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 3, 2018



Certified Public Accountants

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Chairman and Members of
The District School Board of Escambia County, Florida

Report on Compliance for Each Major Federal Program

We have audited the compliance of the District School Board of Escambia County, Florida (the “District”) with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2018. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 3, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report on the basic financial statements included disclosures regarding our reference to the reports of other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.

Chairman and Members of
The District School Board of Escambia County, Florida

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (Cont.)

The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 3, 2018

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None reported

Type of report issued on compliance for major federal program:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 200.516 of the Uniform Guidance? ___ Yes X No

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

84.027, 84.173

Special Education Cluster

84.367

Supporting Effective Instruction State Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,528,727

Auditee qualified as low-risk auditee?

X Yes ___ No

DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Cont.*)

For the Year Ended June 30, 2018

Section II - Findings Related to the Financial Statement Audit, as required to be reported in accordance with *Government Auditing Standards*.

No matters are reported.

Section III - Federal Award Findings and Questioned Costs reported in accordance with the Uniform Guidance.

No matters are reported.

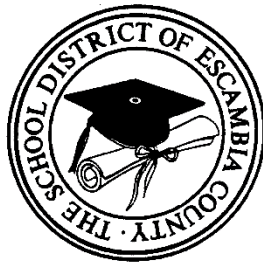
DISTRICT SCHOOL BOARD OF ESCAMBIA COUNTY, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

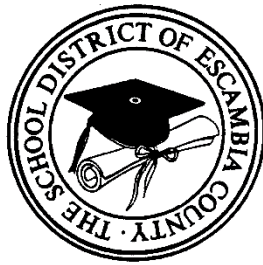
FEDERAL AUDIT FINDINGS

No matters were reported in the prior year affecting federal financial assistance programs.



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OTHER REPORTS



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Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Chairman and Members of
The District School Board of Escambia County, Florida

Report on the Financial Statements

We have audited the financial statements of the District School Board of Escambia County, Florida (the "District") as of and for the year ended June 30, 2018, and have issued our report thereon dated December 3, 2018.

Auditor's Responsibility

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.800, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report in accordance with the provisions of Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated December 3, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no recommendations made in the preceding annual financial report.

Financial Condition and Management

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires us to communicate whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition and Management (Cont.)

Pursuant to Sections 10.804(1)(f)5a. and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by the same.

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In conjunction with our audit, we have the following recommendations:

MLO 2018-001 - Scanning Procedures

Observation:

During our audit, it was noted that the District did not have a formal procedure or policy regarding their accounts payable and journal entry scanning process.

Criteria:

Proper documentation of an entity's procedures ensures that supporting documentation is completely captured and retained.

Cause:

The District has not completely implemented certain processes into their written procedures.

Effect:

Not having a formal policy on scanning supporting documentation may lead to loss of data and incomplete documentation that supports District transactions.

Recommendation:

We recommend that the District implement formal, written scanning procedures over its accounts payable and journal entry processes. It should also outline document retention periods related to physical documents.

MLO 2018-002 - Investment CPE

Observation:

During our audit, it was noted that the District's Assistant Superintendent did not complete their required continuing education.

Criteria:

Florida Statute 218.415(14) requires local government officials responsible for making investment decisions to annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

Cause:

The Assistant Superintendent only had 5 hours of training in the fiscal year.

Chairman and Members of
The District School Board of Escambia County, Florida

Effect:

Not completing the required training hours would find the District noncompliant with their investment policy and Florida Statutes.

Recommendation:

We recommend that the Assistant Superintendent complete the required continuing education over investments.

Transparency

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the District maintains on its website the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the District maintained on its website the information specified in Section 1011.035, Florida Statutes.

Additional Matters

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

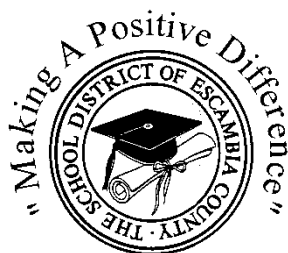
Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the District School Board members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 3, 2018



THE SCHOOL DISTRICT OF ESCAMBIA COUNTY

75 NORTH PACE BOULEVARD, PENSACOLA, FL 32505
PHONE 850/432-6121, FAX 850/469-6379
www.escambia.k12.fl.us
MALCOLM THOMAS, SUPERINTENDENT

November 28, 2018

Mr. Eddy Castaneda, CPA
Moore Stephens Lovelace, PA
255 S. Orange Avenue, Suite 600
Orlando, FL 32801

Re: Response to Financial Statement Audit Findings for the 2017-18 Fiscal Year

Dear Mr. Castaneda:

Enclosed is the District's response to the specific findings noted during the financial statement audit of the Escambia County School District for the 2017-18 fiscal year. We appreciate the professional manner of you and your staff during the engagement period.

Attached responses to:

Finding No. 1 – Scanning Procedures
Finding No. 2 – Investment CPE

Please contact me as needed.

Sincerely,

Malcolm Thomas
Superintendent of Schools

ESCAMBIA COUNTY SCHOOL DISTRICT

Affirmative action/equal opportunity employer

RESPONSE TO AUDIT FINDINGS FOR THE 2017-18 FISCAL YEAR

Finding 1: Scanning Procedures

Recommendation: To implement formal, written scanning procedures over the District's accounts payable and journal entry processes. It should also outline document retention periods related to physical documents.

District Response: The District's Accounting Operations Department will update the SOP for daily processing of invoices and add the scanning procedures recommended. A separate SOP will be created to address the scanning of documents for journal entries relative to all areas of school board finance. Records retention requirements will be updated and added accordingly.

Finding 2: Investment CPE

Recommendation: Florida statutes require eight hours per year of investment related continuing professional education (CPE) for officials responsible for the investment of public funds. For the current fiscal year, the Assistant Superintendent for Finance and Business Services received only five hours of CPE credit in the area of investments. The recommendation is that the appropriate number of investment hours (8) be achieved each year as required.

District Response: It is the intention of the Assistant Superintendent to sit for the required number of investment CPE hours each year. These hours are typically planned as part of the overall CPE requirements for maintaining a Florida CPA license. Although the subject hours were unintentionally short of the eight needed, the CPE strategy is sound and will be expected to meet the yearly statutory requirement. In addition, the District contracts with an investment advisor to provide professional advice and recommendations for effective cash management.



INDEPENDENT ACCOUNTANT'S REPORT

Chairman and Members of
The District School Board of Escambia County, Florida

We have examined the District School Board of Escambia County, Florida's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied with those requirements. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2018.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 3, 2018