

**FLORIDA DEPARTMENT OF EDUCATION  
SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145)  
DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
For the Fiscal Year Ended June 30, 2016**

Return completed form to: Florida Department of Education Office of Funding and Financial Reporting 325 West Gaines Street, Room 814 Tallahassee, Florida 32399-0400
--

**INDEX:**

		<b>PAGE NUMBER</b>	
		<b><u>Minimum</u></b>	
		<b><u>Reporting</u></b>	<b><u>CAFR</u></b>
Exhibit A-1	Management's Discussion and Analysis-----	1	1
Exhibit B-1	Statement of Net Position -----	2	2
Exhibit B-2	Statement of Activities-----	3	3
Exhibit C-1	Balance Sheet – Governmental Funds-----	4	4
Exhibit C-2	Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position -----	5	5
Exhibit C-3	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds -----	6	6
Exhibit C-4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities -----	7	7
Exhibit C-5	Statement of Net Position – Proprietary Funds-----	8	8
Exhibit C-6	Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds -----	9	9
Exhibit C-7	Statement of Cash Flows – Proprietary Funds-----	10	10
Exhibit C-8	Statement of Fiduciary Net Position-----	11	11
Exhibit C-9	Statement of Changes in Fiduciary Net Position -----	12	12
Exhibit C-10	Combining Statement of Net Position – Major and Nonmajor Component Units -----	13	13
Exhibit C-11a-d	Combining Statement of Activities – Major and Nonmajor Component Units-----	14-17	14-17
Exhibit D-1	Notes to Financial Statements -----	18	18
Exhibit D-2a	Required Supplementary Information – Schedule of Funding Progress -----	19	19
Exhibit D-2b	Notes to Required Supplementary Information -----	20	20
Exhibit E-1	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund-----	21	21
Exhibit E-2a-d	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Major Special Revenue Funds -----	22-25	22-25
Exhibit F-1a-d	Combining Balance Sheet – Nonmajor Governmental Funds-----		26-29
Exhibit F-2a-d	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds-----		30-33
Exhibit G-1	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds-----		34
Exhibit G-2	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Funds -----		35
Exhibit G-3	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Projects Funds-----		36
Exhibit G-4	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Permanent Funds -----		37
Exhibit H-1	Combining Statement of Net Position – Nonmajor Enterprise Funds -----		38
Exhibit H-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds-----		39
Exhibit H-3	Combining Statement of Cash Flows – Nonmajor Enterprise Funds -----		40
Exhibit H-4	Combining Statement of Net Position – Internal Service Funds-----		41
Exhibit H-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds -----		42
Exhibit H-6	Combining Statement of Cash Flows – Internal Service Funds-----		43
Exhibit I-1	Combining Statement of Fiduciary Net Position – Investment Trust Funds -----		44
Exhibit I-2	Combining Statement of Changes in Net Position – Investment Trust Funds -----		45
Exhibit I-3	Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds-----		46
Exhibit I-4	Combining Statement of Changes In Net Position – Private-Purpose Trust Funds-----		47
Exhibit I-5	Combining Statement of Fiduciary Net Position – Pension Trust Funds-----		48
Exhibit I-6	Combining Statement of Changes In Net Position – Pension Trust Funds-----		49
Exhibit I-7	Combining Statement of Fiduciary Assets and Liabilities – Agency Funds -----		50
Exhibit I-8a-d	Combining Statement of Changes in Assets and Liabilities – Agency Funds -----		51-54
Exhibit J-1	Combining Statement of Net Position – Nonmajor Component Units-----		55
Exhibit J-2a-d	Combining Statement of Activities – Nonmajor Component Units -----		56-59

**FLORIDA DEPARTMENT OF EDUCATION  
SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145)  
DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
For the Fiscal Year Ended June 30, 2016**

Return completed form to: Florida Department of Education Office of Funding and Financial Reporting 325 West Gaines Street, Room 814 Tallahassee, Florida 32399-0400
--

**INDEX:**

		<b>PAGE NUMBER</b>	
		<u>Minimum Reporting</u>	<u>CAFR</u>
Exhibit J-1	Combining Statement of Net Position – Nonmajor Component Units-----		55
Exhibit J-2a-d	Combining Statement of Activities – Nonmajor Component Units -----		56-59

The Superintendent's Annual Financial Report (ESE 145) for the fiscal year ended June 30, 2016, was submitted in accordance with rule 6A-1.0071, Florida Administrative Code (section 1001.51(12)(b), Florida Statutes). This report was approved by the school board on September 12, 2016.

\_\_\_\_\_  
Signature of District School Superintendent

\_\_\_\_\_  
Signature Date

## **Hamilton County District School Board**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

The Management of the Hamilton County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2016. 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 2015-16 fiscal year are as follows:

- As of June 30, 2016, the assets and deferred outflows of resources exceed the liabilities by \$21,548,134.97.
- The District's total net position decreased by \$1,604,500 from the 2014-15 fiscal year, which continues to be primarily from the District's reporting of pension related liabilities and deferred outflows/inflows of resources required by GASB Statement No. 68.
- General revenues total \$17,703,777 or 91.9 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$1,558,771, or 8.1 percent of all revenues.
- Expenses total \$20,836,698. Only \$1,558,771 of these expenses was offset by program specific charges, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$1,012,130, which is \$326,834 less than the prior fiscal year balance. The General Fund total assigned and unassigned fund balances was \$672,874, or approximately 4.7 percent of total General Fund revenues.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the 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 and its assets and liabilities using an economic resources measurement focus. Assets less liabilities equal 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 are reported in the government-wide financial statements as governmental activities, 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.

## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### **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, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and 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, and the Capital Projects – Non-voted Capital Improvement 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. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

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

The District uses agency funds to account for resources held for student activities and groups.

### **Notes to Financial Statements**

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



## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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.

As noted earlier, 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, 2016, compared to net position as of June 30, 2015:

	<b>Net Position, End of Year Governmental Activities</b>	
	<b>6/30/2016</b>	<b>6/30/2015</b>
Current Assets	\$ 3,015,377	\$ 2,991,781
Capital Assets	29,396,296	28,524,126
<b>Total Assets</b>	<b>32,411,674</b>	<b>31,515,907</b>
Deferred Outflows of Resources	1,257,657	1,150,638
Long-Term Liabilities	8,280,537	5,866,663
Other Liabilities	188,042	481,405
<b>Total Liabilities</b>	<b>8,468,579</b>	<b>6,348,068</b>
<b>Deferred Inflows of Resources</b>	<b>(3,652,617)</b>	<b>(3,188,508)</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	29,295,645	28,295,083
Restricted	1,493,092	1,562,289
Unrestricted Deficit	(9,240,602)	(6,727,403)
<b>Total Net Position</b>	<b>\$ 21,548,135</b>	<b>\$ 23,129,969</b>

The largest portion of the District's net position (136 percent) is investment in capital assets (e.g., land; buildings; furniture, fixtures and equipment), 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 (7 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position is a deficit of \$9,285,209 or 43% and represents an increase in the deficit position by \$2,513,200. This continues to be a significant increase in the deficit position but still represents the District's reporting of the net pension liability as required by GASB 68 and the District's participation in the Florida Retirement System, along with increases in the liabilities for compensated absences and the lease-purchase of equipment obligation.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2016, and June 30, 2015, are as follows:

# Hamilton County District School Board

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results for the Fiscal Year Ended			
Governmental Activities			
	6/30/2015		6/30/2015
<b>Program Revenues:</b>			
Charges for Services	\$ 124,592	\$	173,779
Operating Grants and Contributions	1,351,046		1,403,980
Capital Grants and Contributions	1,052,784		109,952
<b>General Revenues:</b>			
Property Taxes, Levied for Operational Purposes	4,345,544		4,556,738
Property Taxes, Levied for Capital Projects	1,107,640		1,160,241
Grants and Contributions, Not Restricted to Specific Programs	10,891,941		10,873,033
Unrestricted Investment Earnings	2,857		3,803
Miscellaneous	1,355,795		586,902
<b>Total Revenues</b>	<b>20,232,198</b>		<b>18,868,428</b>
<b>Functions/ Program Expenses:</b>			
Instruction	\$ 8,457,179	\$	7,445,865
Pupil Personnel Services	714,290		652,126
Instructional Media Services	205,087		143,506
Instruction and Curriculum Development Services	599,809		625,867
Instructional Staff Training Services	1,331,200		1,125,329
Instruction Related Technology	379,264		312,444
Board	394,186		416,578
General Administration	427,399		479,803
School Administration	958,118		894,318
Facilities Acquisition and Construction	871,434		194,712
Fiscal Services	348,797		268,547
Food Services	1,518,119		1,400,493
Central Services	216,238		176,378
Pupil Transportation Services	1,706,125		1,643,153
Operation of Plant	1,681,423		1,651,921
Maintenance of Plant	825,303		543,638
Administrative Technology Services	190,291		154,936
Community Services	72,526		11,576
Unallocated Interest on Long-Term Debt	7,601		6,690
Unallocated Depreciation Expense	932,309		887,050
Loss on Disposal of Capital Assets	0		1403
<b>Total Functions/Program Expenses</b>	<b>21,836,698</b>		<b>19,036,333</b>
<b>Change in Net Position</b>	<b>(1,604,500)</b>		<b>(167,905)</b>
Net Position - Beginning of Year	23,129,969		30,330,257
Adjustments to Beginning Net Position (1)	22,666		(7,032,383)
Net Position - Beginning, as Restated	23,152,635		23,297,874
Net Position - Ending	\$ 21,548,135	\$	23,129,969

Note: (1) Year ending June 30, 2015 - Adjustment to beginning net position is due to the implementation of GASB Statement No. 68, which is a change in accounting principle that requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liability of the defined benefit pension plans.

Year ending June 30, 2016 – adjustment to beginning net position is due to the addition to Capital Assets amounts expended in the prior year but included in this year's Net Assets and thereby increasing the prior year's ending Net Position.

The largest revenue source is the State of Florida (51 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula.

## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

---

The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Grants and contributions not restricted to specific programs revenues increased by \$18,908 or less than one percent.

Capital grants and contributions revenue increased by \$942,832. These revenues are received from the State and are for acquisition, construction, and maintenance of educational facilities. The increase is the appropriation for PECO, Special Facilities Construction Account dollars in the amount of \$953,318.

Property tax revenues decreased by \$263,796, or 4.6 percent, as a result of a decrease of 12.6 percent in the total millage rate.

Instruction expenses represent 39 percent of total government expenses in the 2015-16 fiscal year. Instruction expenses increased \$1,011,314 or 14 percent from the previous fiscal year; however, this reflects the reporting of the net pension liability related to the requirements of GASB Statement No. 68.

### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not been limited to a particular purpose by an external party, the District, or a group or individual delegated authority by the Board to assign resources for particular purposes.

The total fund balances of governmental funds decreased by \$898,678 during the fiscal year to \$1,455,341 at June 30, 2016. Approximately 12 percent of this amount is unassigned fund balance (\$194,748), which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$205,796), 2) restricted for particular purposes (\$173,352), or 3) assigned for particular purposes (\$1,037,801).

### **Major Governmental Funds**

The General Fund is the District's chief operating fund. At the end of the current fiscal year, assigned and unassigned fund balance is \$672,874 while the total fund balance is \$1,012,130. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance 4.7 percent of the total General Fund revenues, while total fund balance represents approximately 7 percent of total General Fund revenues.

Total fund balance decreased by \$326,834 during the fiscal year. The key factors impacting the change in fund balance are the salary increase approved by the Board for all employees, additional compensation to employees working outside their normal contracted services for many years of postponed District-wide repair and maintenance projects.

The Special Revenue – Other Federal Programs has total revenues and expenditures of \$2,314,174 each and the funding was mainly used for instructional and instructional staff training. Because grant revenues attributed to the grants accounted for in this fund are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance. Activity in this fund decreased \$88,768 or 4 percent and is related to multiple changes in grants including more of the Adult Education being funded in General Fund

## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

---

decreasing it by 47 percent but now representing a 50/50 cost share for the program; Title I decreased \$53,916 or 6 percent; Career and Technical Education decreased \$4,012 or 9 percent; Education for Homeless Children and Youth decreased \$1,717 or 4 percent; Rural Education decreased \$9,631 or 28 percent; while English Language Acquisition Grants increased \$1,941 or 13 percent and Improving Teacher Quality State Grants also increased \$10,672 or 9 percent represents significant changes in the programs but many related to retirement of long-term grant coordinators over certain programs and the transition to new coordinators and becoming familiar with the programs.

The Capital Projects – Local Capital Improvement (LCI) Fund has a total fund balance of \$230,188.70 of which over \$225,000 is encumbered for direct purchase orders for the New K-6 Hamilton Elementary School. The one half of the 1.50 Millage receipts was transferred to the PECO Special Facilities Construction Account as part of the pledging of the District's capital outlay to offset the Legislative appropriation for the Special Facilities funding which also includes the PECO Maintenance appropriation of \$14,707 and the Capital Outlay and Debt Service Fund of \$27,027.84. These funds were transferred to the Special Facilities Construction Account at June 30<sup>th</sup> and created a Special Facilities Construction Account – Deferred Revenue of \$1,215,136. These funds are restricted for the acquisition, construction, and maintenance of capital assets. The fund balance decreased by \$646,311.30 in the current fiscal year as a result of the project planning included in the prior year's encumbered funds of \$876,500.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2015-16 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$917,486 or 7 percent. At the same time, final appropriations were more than the original budgeted amounts by \$1,034,120 or 8 percent creating a negative impact on the fund balance based on changes to the budget. Budget revisions occurred primarily from adjustments to planned expenditures to ensure maintenance of adequate fund balance and to recognize additional revenues as received including two Federal pass-thru grants recorded in the General Fund.

Actual revenues and expenditures equaled the final budgeted amounts. The actual ending fund balance exceeded the original budgeted fund balance contained in the final amended budget by \$805,575, most of which is attributed to recognizing carryforwards from the prior year and the ending amounts for the non-spendable, restricted, and assigned amounts.

### Capital Assets

The District's investment in capital assets for its governmental activities at June 30, 2015, is \$29,295,645 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; and audio visual materials and computer software. The increase in capital assets for the current fiscal year was approximately 3 percent and is related to the additional lease-purchase of equipment along with the construction in progress for the New K-6 Hamilton Elementary School to the capital assets.

Major capital asset events included the following:

- The District paid \$136,121.10 for land contiguous to the New K-6 Hamilton Elementary School site for the purpose of foundation material for the school as a cost saving measure as well as to be a potentially consolidated retention pond for the entire District campus of the District Office, Hamilton County High School and Hamilton County Elementary School.

## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

---

- Two buses, were purchased to improve the existing fleet for the District's vehicles used to transport students.
- The District entered into a lease-purchase agreement to finance District-wide computer equipment upgrade and to upgrade to an iP Phone System.

Additional information on the District's capital assets can be found in notes I.F.4 and II.C to the financial statements.

### Long-Term Debt

At June 30, 2016, the District has total long-term debt outstanding of \$8,280,537, comprised of \$1,041,358 for Compensated Absences Payable; \$102,000 of bonds payable, \$365,352 of lease-purchase payable and \$82,953 of Net Other Postemployment Benefits Obligation. During the current fiscal year, retirement of debt was \$464,686.

Additional information on the District's long-term debt can be found in note II.H. to the financial statements.

The latest enrollment projections for the District indicate an increase of approximately 35 students.

Contributions, both employer and employee, to the Florida Retirement System increased \$92,146, or 1 percent of payroll for the 2015-16 fiscal year.

Contract settlements with all of the District's unions resulted in a salary increase of step placement on Grandfathered Salary Schedule, bonus payments to those professional services contracted teachers at the top and performance pay payments for the instruction staff on the Performance Pay Schedule as funds were available, which represented approximately one percent of prior year roll forward as the funds available for salary increases for the 2015-16 fiscal year.

### REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Director of Business Services, Hamilton County District School Board, 5683 US Hwy 129 South, Suite 1, Jasper, FL 32052.

**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Account Number	Primary Government Governmental Activities
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	2,433,257.73
Investments	1160	5,160.59
Accounts Receivable, Net	1131	160,125.11
Due From Other Agencies	1220	211,025.62
Inventory	1150	205,796.19
Prepaid Items	1230	12.00
<i>Capital Assets</i>		
Land	1310	700,122.48
Construction in Progress	1360	1,164,413.34
Nondepreciable Capital Assets		1,864,535.82
Improvements Other Than Buildings	1320	2,435,945.88
Less Accumulated Depreciation	1329	(853,017.56)
Buildings and Fixed Equipment	1330	33,157,445.65
Less Accumulated Depreciation	1339	(9,166,426.95)
Furniture, Fixtures and Equipment	1340	4,217,951.42
Less Accumulated Depreciation	1349	(3,719,763.77)
Motor Vehicles	1350	3,809,718.17
Less Accumulated Depreciation	1359	(2,593,093.63)
Property Under Capital Leases	1370	255,227.48
Less Accumulated Depreciation	1379	(39,366.23)
Audiovisual Materials and Computer Software	1381	750,468.85
Less Accumulated Depreciation	1388	(723,328.73)
Depreciable Capital Assets, Net		27,531,760.58
Total Capital Assets		29,396,296.40
<b>Total Assets</b>		<b>32,411,673.64</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	1950	
<b>Total Deferred Outflows of Resources</b>		<b>1,257,657.00</b>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings	2170	81,776.34
Accounts Payable	2120	105,066.11
Due to Other Agencies	2230	1,199.14
<i>Noncurrent Liabilities</i>		
<i>Portion Due Within One Year:</i>		
Bonds Payable	2320	44,000.00
Liability for Compensated Absences	2330	58,500.00
Lease-Purchase Agreements Payable	2340	204,187.59
Due Within One Year		306,687.59
<i>Portion Due After One Year:</i>		
Bonds Payable	2320	58,000.00
Liability for Compensated Absences	2330	982,857.93
Lease-Purchase Agreements Payable	2340	161,164.66
Net Other Postemployment Benefits Obligation	2360	82,953.00
Net Pension Liability	2365	6,688,874.00
Estimated PECO Advance Payable	2370	
Due in More than One Year		7,973,849.59
Total Long-Term Liabilities		8,280,537.18
<b>Total Liabilities</b>		<b>8,468,578.77</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Special Facilities Advance Payable	2630	1,215,637.90
Pension	2640	2,436,979.00
<b>Total Deferred Inflows of Resources</b>		<b>3,652,616.90</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2770	29,295,645.43
<i>Restricted For:</i>		
Categorical Carryover Programs	2780	170,872.16
Food Service	2780	125,693.89
Debt Service	2780	2,479.86
Capital Projects	2780	715,919.94
Other Purposes	2780	478,125.88
Unrestricted	2790	(9,240,602.19)
<b>Total Net Position</b>		<b>21,548,134.97</b>

The notes to financial statements are an integral part of this statement.  
ESE 145



DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016

FUNCTIONS	Account Number	Expenses	Program Revenues			e) Revenue and Changes in Primary Government
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<i>Governmental Activities:</i>						
Instruction	5000	8,457,178.65	1,520.00	17,423.09		(8,438,235.56)
Student Support Services	6100	714,289.84				(714,289.84)
Instructional Media Services	6200	205,086.70				(205,086.70)
Instruction and Curriculum Development Services	6300	599,808.88				(599,808.88)
Instructional Staff Training Services	6400	1,331,200.46				(1,331,200.46)
Instruction-Related Technology	6500	379,264.40				(379,264.40)
Board	7100	394,186.26				(394,186.26)
General Administration	7200	427,398.66				(427,398.66)
School Administration	7300	958,117.72				(958,117.72)
Facilities Acquisition and Construction	7400	871,434.38			1,005,860.54	134,426.16
Fiscal Services	7500	348,797.13				(348,797.13)
Food Services	7600	1,518,118.91	103,121.17	1,333,622.67		(81,375.07)
Central Services	7700	216,237.67				(216,237.67)
Student Transportation Services	7800	1,706,124.56	19,951.05			(1,686,173.51)
Operation of Plant	7900	1,681,423.37				(1,681,423.37)
Maintenance of Plant	8100	825,303.38				(825,303.38)
Administrative Technology Services	8200	190,291.35				(190,291.35)
Community Services	9100	72,526.31				(72,526.31)
Interest on Long-Term Debt	9200	7,600.79			46,923.02	39,322.23
Unallocated Depreciation/Amortization Expense		932,308.71				(932,308.71)
<b>Total Governmental Activities</b>		<b>21,836,698.13</b>	<b>124,592.22</b>	<b>1,351,045.76</b>	<b>1,052,783.56</b>	<b>(19,308,276.59)</b>
<b>Total Primary Government</b>		<b>21,836,698.13</b>	<b>124,592.22</b>	<b>1,351,045.76</b>	<b>1,052,783.56</b>	<b>(19,308,276.59)</b>

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes  
Property Taxes, Levied for Capital Projects  
Grants and Contributions Not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Special Items  
Extraordinary Items  
Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015  
Adjustments to Net Position  
Net Position, June 30, 2016

4,345,543.59
1,107,639.62
10,891,941.44
2,857.14
1,355,794.84
0.00
0.00
0.00
17,703,776.63
(1,604,499.96)
23,129,968.94
22,665.99
21,548,134.97

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	Account Number	General 100	Other Federal Programs 420	Public Education Capital Outlay (PECO) 340	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>ASSETS</b>						
Cash and Cash Equivalents	1110	682,114.34	0.00	1,442,003.07	309,140.32	2,433,257.73
Investments	1160	0.00	0.00	0.00	5,160.59	5,160.59
Accounts Receivable, Net	1131	160,125.11	0.00	0.00	0.00	160,125.11
Due From Other Agencies	1220	0.00	189,548.30	0.00	21,477.32	211,025.62
Due From Budgetary Funds	1141	143,840.19	0.00	0.00	0.00	143,840.19
Inventory	1150	168,384.21	0.00	0.00	37,411.98	205,796.19
Prepaid Items	1230	0.00	0.00	0.00	12.00	12.00
<b>Total Assets</b>		<b>1,154,463.85</b>	<b>189,548.30</b>	<b>1,442,003.07</b>	<b>373,202.21</b>	<b>3,159,217.43</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>Total Assets and Deferred Outflows of Resources</b>		<b>1,154,463.85</b>	<b>189,548.30</b>	<b>1,442,003.07</b>	<b>373,202.21</b>	<b>3,159,217.43</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Payroll Deductions and Withholdings	2170	81,776.34	0.00	0.00	0.00	81,776.34
Accounts Payable	2120	60,557.14	44,508.97	0.00	0.00	105,066.11
Due to Other Agencies	2230	0.00	1,199.14	0.00	0.00	1,199.14
Due to Budgetary Funds	2161	0.00	143,840.19	0.00	0.00	143,840.19
<b>Total Liabilities</b>		<b>142,333.48</b>	<b>189,548.30</b>	<b>0.00</b>	<b>0.00</b>	<b>331,881.78</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Revenues	2630	0.00	0.00	1,215,135.75	502.15	1,215,637.90
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>1,215,135.75</b>	<b>502.15</b>	<b>1,215,637.90</b>
<b>FUND BALANCES</b>						
<i>Nonspendable:</i>						
Inventory	2711	168,384.21	0.00	0.00	37,411.98	205,796.19
<i>Total Nonspendable Fund Balances</i>	2710	168,384.21	0.00	0.00	37,411.98	205,796.19
<i>Restricted for:</i>						
State Required Carryover Programs	2723	170,872.16	0.00	0.00	0.00	170,872.16
Debt Service	2725	0.00	0.00	0.00	2,479.86	2,479.86
<i>Total Restricted Fund Balances</i>	2720	170,872.16	0.00	0.00	2,479.86	173,352.02
<i>Committed to:</i>						
<i>Total Committed Fund Balances</i>	2730	0.00	0.00	0.00	0.00	0.00
<i>Assigned to:</i>						
Special Revenue	2741	0.00	0.00	0.00	88,281.91	88,281.91
Debt Service	2742	0.00	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	204,958.57	204,958.57
Assigned for Board Approved Designations	2749	386,585.17	0.00	0.00	39,567.74	357,975.77
Assigned for Encumbrances	2749	91,540.71	0.00	226,867.32	0.00	386,585.17
<i>Total Assigned Fund Balances</i>	2740	478,125.88	0.00	226,867.32	332,808.22	1,037,801.42
<i>Total Unassigned Fund Balances</i>	2750	194,748.12	0.00	0.00	0.00	194,748.12
<b>Total Fund Balances</b>	2700	<b>1,012,130.37</b>	<b>0.00</b>	<b>226,867.32</b>	<b>372,700.06</b>	<b>1,611,697.75</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>1,154,463.85</b>	<b>189,548.30</b>	<b>1,442,003.07</b>	<b>373,202.21</b>	<b>3,159,217.43</b>

The notes to financial statements are an integral part of this statement.  
ESE 145

**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**For the Fiscal Year Ended June 30, 2016**

**Total Fund Balances - Governmental Funds**

\$ 1,611,697.75

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.

29,396,296.40

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

Deferred Outflows Related to Pensions

\$ 1,257,657.00  
(2,436,979.00)

(1,179,322.00)

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

Obligations Under Lease-Purchase

\$ (365,352.25)

Bonds Payable

(102,000.00)

Compensated Absences Payable

(1,041,357.93)

Net Pension Liability

(6,688,874.00)

Other Post Employment Benefits Payable

(82,953.00)

(8,280,537.18)

**Total Net Position - Governmental Activities**

\$ 21,548,134.97

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

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2016

	Account Number	General 100	Other Federal Programs 420	Public Education Capital Outlay (PECO) 340	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Federal Direct	3100	17,423.09	0.00	0.00	0.00	17,423.09
Federal Through State and Local	3200	712,914.99	2,314,173.69	0.00	1,303,875.67	4,330,964.35
State Sources	3300	8,822,120.47	0.00	14,707.00	110,555.85	8,947,383.32
<i>Local Sources:</i>						
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	4,345,543.59	0.00	0.00	0.00	4,345,543.59
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	1,107,639.62	1,107,639.62
Charges for Service - Food Service	345X	0.00	0.00	0.00	103,121.17	103,121.17
Other Local Revenue		409,992.24	0.00	0.00	480.24	410,472.48
Total Local Sources	3400	4,755,535.83	0.00	0.00	1,211,241.03	5,966,776.86
<b>Total Revenues</b>		14,307,994.38	2,314,173.69	14,707.00	2,625,672.55	19,262,547.62
<b>EXPENDITURES</b>						
<i>Current:</i>						
Instruction	5000	6,892,714.89	866,592.96	0.00	0.00	7,759,307.85
Student Support Services	6100	428,276.69	225,911.38	0.00	0.00	654,188.07
Instructional Media Services	6200	186,545.19	0.00	0.00	0.00	186,545.19
Instruction and Curriculum Development Services	6300	160,941.11	389,980.41	0.00	0.00	550,921.52
Instructional Staff Training Services	6400	575,614.40	675,995.22	0.00	0.00	1,251,609.62
Instruction-Related Technology	6500	370,305.25	0.00	0.00	0.00	370,305.25
Board	7100	394,186.26	0.00	0.00	0.00	394,186.26
General Administration	7200	271,194.02	137,715.19	0.00	0.00	408,909.21
School Administration	7300	867,146.90	400.33	0.00	0.00	867,547.23
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	323,517.82	0.00	0.00	0.00	323,517.82
Food Services	7600	0.00	0.00	0.00	1,457,322.44	1,457,322.44
Central Services	7700	187,974.41	11,539.50	0.00	0.00	199,513.91
Student Transportation Services	7800	1,363,733.14	1,717.04	0.00	0.00	1,365,450.18
Operation of Plant	7900	1,635,629.09	4,321.66	0.00	0.00	1,639,950.75
Maintenance of Plant	8100	768,762.58	0.00	0.00	0.00	768,762.58
Administrative Technology Services	8200	177,939.96	0.00	0.00	0.00	177,939.96
Community Services	9100	72,526.31	0.00	0.00	0.00	72,526.31
<i>Debt Service: (Function 9200)</i>						
Redemption of Principal	710	43,019.71	0.00	0.00	202,164.66	245,184.37
Interest	720	0.00	0.00	0.00	7,531.77	7,531.77
Dues and Fees	730	0.00	0.00	0.00	69.02	69.02
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>						
Facilities Acquisition and Construction	7420	0.00	0.00	1,333,841.44	1,494,177.69	2,828,019.13
Other Capital Outlay	9300	83,432.78	0.00	0.00	3,825.00	87,257.78
<b>Total Expenditures</b>		14,803,460.51	2,314,173.69	1,333,841.44	3,165,090.58	21,616,566.22
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(495,466.13)	0.00	(1,319,134.44)	(539,418.03)	(2,354,018.60)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	483,493.98	483,493.98
Loss Recoveries	3740	18,528.30	0.00	0.00	0.00	18,528.30
Proceeds from Special Facility Construction Account	3770	0.00	0.00	953,318.25	0.00	953,318.25
Transfers In	3600	150,103.47	0.00	574,083.51	0.00	724,186.98
Transfers Out	9700	0.00	0.00	(14,707.00)	(709,479.98)	(724,186.98)
<b>Total Other Financing Sources (Uses)</b>		168,631.77	0.00	1,512,694.76	(225,986.00)	1,455,340.53
<b>Net Change in Fund Balances</b>		(326,834.36)	0.00	193,560.32	(765,404.03)	(898,678.07)
Fund Balances, July 1, 2015	2800	1,338,964.73	0.00	33,307.00	1,138,104.09	2,510,375.82
Fund Balances, June 30, 2016	2700	1,012,130.37	0.00	226,867.32	372,700.06	1,611,697.75

The notes to financial statements are an integral part of this statement.  
ESE 145

**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**

**Net Change in Fund Balances - Governmental Funds** \$ (898,678.07)

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

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

(807,178.43)

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

5,502.00

Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceed repayments in the current fiscal year.

Inception of Lease-Purchase Obligation	\$ (483,493.98)	
Lease-Purchase Repayments	204,184.37	
Bond Repayments	41,000.00	
	<u>41,000.00</u>	<u>(238,309.61)</u>

Pension cost are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net change in the pension liabilities in the current fiscal year.

FRS Pension Contribution	\$ 602,189.00	
HIS Pension Contribution	169,341.00	
FRS Pension Expense	(219,959.00)	
HIS Pension Expense	(213,573.00)	
	<u>(213,573.00)</u>	<u>337,998.00</u>

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

(9,869.85)

Other postemployment benefits cost are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net decrease in the other postemployment benefits liability for the current fiscal year.

6,036.00

**Change in Net Position of Governmental Activities** \$ (1,604,499.96)



DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016

This page left intentionally blank

	Account Number	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	0.00
Investments	1160	0.00
Accounts Receivable, Net	1131	0.00
Interest Receivable on Investments	1170	0.00
Due From Other Agencies	1220	0.00
Due From Insurer	1180	0.00
Due From Budgetary Funds	1141	0.00
Deposits Receivable	1210	0.00
Cash with Fiscal/Service Agents	1114	0.00
Section 1011.13, F.S., Loan Proceeds	1420	0.00
Inventory	1150	0.00
Prepaid Items	1230	0.00
Long-Term Investments	1460	0.00
Prepaid Insurance Costs	1430	0.00
Other Postemployment Benefits Asset	1410	0.00
Pension Asset	1415	0.00
<i>Capital Assets:</i>		
Land	1310	0.00
Land Improvements - Nondepreciable	1315	0.00
Construction in Progress	1360	0.00
Nondepreciable Capital Assets		0.00
Improvements Other Than Buildings	1320	0.00
Accumulated Depreciation	1329	0.00
Buildings and Fixed Equipment	1330	0.00
Accumulated Depreciation	1339	0.00
Furniture, Fixtures and Equipment	1340	0.00
Accumulated Depreciation	1349	0.00
Motor Vehicles	1350	0.00
Accumulated Depreciation	1359	0.00
Property Under Capital Leases	1370	0.00
Accumulated Depreciation	1379	0.00
Computer Software	1382	0.00
Accumulated Amortization	1389	0.00
Depreciable Capital Assets, Net		0.00
Total Capital Assets		0.00
<b>Total Assets</b>		<b>0.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00
Net Carrying Amount of Debt Refunding	1920	0.00
Pension	1940	0.00
Other Postemployment Benefits	1950	0.00
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>
<b>LIABILITIES</b>		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	0.00
Accounts Payable	2120	0.00
Sales Tax Payable	2260	0.00
Accrued Interest Payable	2210	0.00
Deposits Payable	2220	0.00
Due to Other Agencies	2230	0.00
Due to Budgetary Funds	2161	0.00
Pension Liability	2115	0.00
Other Postemployment Benefits Liability	2116	0.00
Judgments Payable	2130	0.00
Estimated Unpaid Claims - Self-Insurance Program	2271	0.00
Estimated Liability for Claims Adjustment	2272	0.00
Unearned Revenues	2410	0.00
<i>Noncurrent Liabilities</i>		
<i>Portion Due Within One Year:</i>		
Obligations Under Capital Leases	2315	0.00
Liability for Compensated Absences	2330	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Other Long-Term Liabilities	2380	0.00
Due Within One Year		0.00
<i>Portion Due After One Year:</i>		
Obligations Under Capital Leases	2315	0.00
Liability for Compensated Absences	2330	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Other Long-Term Liabilities	2380	0.00
Due in More Than One Year		0.00
Total Long-Term Liabilities		0.00
<b>Total Liabilities</b>		<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00
Deferred Revenues	2630	0.00
Pension	2640	0.00
Other Postemployment Benefits	2650	0.00
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2770	0.00
Restricted for	2780	0.00
Unrestricted	2790	0.00
<b>Total Net Position</b>		<b>0.00</b>

The notes to financial statements are an integral part of this statement.  
ESE 145



**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

**This page left intentionally blank**

	Account Number	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for Services	3481	0.00
Charges for Sales	3482	0.00
Premium Revenue	3484	0.00
Other Operating Revenues	3489	0.00
<b>Total Operating Revenues</b>		0.00
<b>OPERATING EXPENSES</b>		
Salaries	100	0.00
Employee Benefits	200	0.00
Purchased Services	300	0.00
Energy Services	400	0.00
Materials and Supplies	500	0.00
Capital Outlay	600	0.00
Other	700	0.00
Depreciation and Amortization Expense	780	0.00
<b>Total Operating Expenses</b>		0.00
<b>Operating Income (Loss)</b>		0.00
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	3430	0.00
Gifts, Grants and Bequests	3440	0.00
Other Miscellaneous Local Sources	3495	0.00
Loss Recoveries	3740	0.00
Gain on Disposition of Assets	3780	0.00
Interest	720	0.00
Miscellaneous	790	0.00
Loss on Disposition of Assets	810	0.00
<b>Total Nonoperating Revenues (Expenses)</b>		0.00
<b>Income (Loss) Before Operating Transfers</b>		0.00
Transfers In	3600	0.00
Transfers Out	9700	0.00
<b>SPECIAL ITEMS</b>		
		0.00
<b>EXTRAORDINARY ITEMS</b>		
		0.00
<b>Change In Net Position</b>		0.00
Net Position, July 1, 2015	2880	0.00
Adjustments to Net Position	2896	0.00
Net Position, June 30, 2016	2780	0.00

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

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	0.00
Receipts from interfund services provided	0.00
Payments to suppliers	0.00
Payments to employees	0.00
Payments for interfund services used	0.00
Other receipts (payments)	0.00
<b>Net cash provided (used) by operating activities</b>	0.00
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Subsidies from operating grants	0.00
Transfers from other funds	0.00
Transfers to other funds	0.00
<b>Net cash provided (used) by noncapital financing activities</b>	0.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	0.00
Capital contributions	0.00
Proceeds from disposition of capital assets	0.00
Acquisition and construction of capital assets	0.00
Principal paid on capital debt	0.00
Interest paid on capital debt	0.00
<b>Net cash provided (used) by capital and related financing activities</b>	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	0.00
Interest and dividends received	0.00
Purchase of investments	0.00
<b>Net cash provided (used) by investing activities</b>	0.00
<b>Net increase (decrease) in cash and cash equivalents</b>	0.00
Cash and cash equivalents - July 1, 2015	0.00
Cash and cash equivalents - June 30, 2016	0.00
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	0.00
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>	
Depreciation/Amortization expense	0.00
Commodities used from USDA program	0.00
<i>Change in assets and liabilities:</i>	
(Increase) decrease in accounts receivable	0.00
(Increase) decrease in interest receivable	0.00
(Increase) decrease in due from insurer	0.00
(Increase) decrease in deposits receivable	0.00
(Increase) decrease in due from other funds	0.00
(Increase) decrease in due from other agencies	0.00
(Increase) decrease in inventory	0.00
(Increase) decrease in prepaid items	0.00
(Increase) decrease in pension	0.00
Increase (decrease) in salaries and benefits payable	0.00
Increase (decrease) in payroll tax liabilities	0.00
Increase (decrease) in accounts payable	0.00
Increase (decrease) in cash overdraft	0.00
Increase (decrease) in judgments payable	0.00
Increase (decrease) in sales tax payable	0.00
Increase (decrease) in accrued interest payable	0.00
Increase (decrease) in deposits payable	0.00
Increase (decrease) in due to other funds	0.00
Increase (decrease) in due to other agencies	0.00
Increase (decrease) in unearned revenues	0.00
Increase (decrease) in pension	0.00
Increase (decrease) in other postemployment benefits	0.00
Increase (decrease) in estimated unpaid claims - Self-Insurance Prog.	0.00
Increase (decrease) in estimated liability for claims adjustment	0.00
<b>Total adjustments</b>	0.00
<b>Net cash provided (used) by operating activities</b>	0.00
<b>Noncash investing, capital and financing activities:</b>	
Borrowing under capital lease	0.00
Contributions of capital assets	0.00
Purchase of equipment on account	0.00
Capital asset trade-ins	0.00
Net Increase/(Decrease) in the fair value of investments	0.00
Commodities received through USDA program	0.00

The notes to financial statements are an integral part of this statement.  
ESE 145

**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2016**

	Account Number	Total Agency Funds 89X
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	146,963.87
Investments	1160	0.00
Accounts Receivable, Net	1131	0.00
Pension Contributions Receivable	1132	
Interest Receivable on Investments	1170	0.00
Due From Budgetary Funds	1141	0.00
Due From Other Agencies	1220	0.00
Inventory	1150	0.00
<b>Total Assets</b>		146,963.87
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	
Pension	1940	
Other Postemployment Benefits	1950	
<b>Total Deferred Outflows of Resources</b>		
<b>LIABILITIES</b>		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	0.00
Accounts Payable	2120	5,783.15
Internal Accounts Payable	2290	141,180.72
Due to Other Agencies	2230	
Due to Budgetary Funds	2161	0.00
<b>Total Liabilities</b>		146,963.87
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	
Pension	2640	
Other Postemployment Benefits	2650	
<b>Total Deferred Inflows of Resources</b>		
<b>NET POSITION</b>		
Held in Trust for Pension Benefits	2785	
Held in Trust for Other Purposes	2785	
<b>Total Net Position</b>		

The notes to financial statements are an integral part of this statement.  
ESE 145

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

	Account Number	Total Investment Trust Funds 84X	Total Private-Purpose Trust Funds 85X	Total Pension Trust Funds 87X
<b>ADDITIONS</b>				
<i>Contributions:</i>				
Employer		0.00	0.00	0.00
Plan Members		0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00
<i>Investment Income:</i>				
Interest on Investments	3431	0.00	0.00	0.00
Gain on Sale of Investments	3432	0.00	0.00	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	0.00	0.00	0.00
Total Investment Income		0.00	0.00	0.00
Less Investment Expense		0.00	0.00	0.00
Net Investment Income		0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00
<b>DEDUCTIONS</b>				
Salaries	100	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00
Other	700	0.00	0.00	0.00
Refunds of Contributions		0.00	0.00	0.00
Administrative Expenses		0.00	0.00	0.00
<b>Total Deductions</b>		0.00	0.00	0.00
<b>Change In Net Position</b>		0.00	0.00	0.00
Net Position Held In Trust, July 1, 2015	2885	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2016	2785	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
ESE 145

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
COMBINING STATEMENT OF NET POSITION  
MAJOR AND NONMAJOR COMPONENT UNITS  
June 30, 2016

This page left intentionally blank

	Account Number	Total Component Units
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	0.00
Investments	1160	0.00
Taxes Receivable, Net	1120	0.00
Accounts Receivable, Net	1131	0.00
Interest Receivable on Investments	1170	0.00
Due From Other Agencies	1220	0.00
Due From Insurer	1180	0.00
Deposits Receivable	1210	0.00
Internal Balances		0.00
Cash with Fiscal/Service Agents	1114	0.00
Section 1011.13, F.S. Loan Proceeds	1420	0.00
Inventory	1150	0.00
Prepaid Items	1230	0.00
Long-Term Investments	1460	0.00
Prepaid Insurance Costs	1430	0.00
Other Postemployment Benefits Asset	1410	0.00
Pension Asset	1415	0.00
<i>Capital Assets:</i>		
<b>Total Assets</b>		0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00
Net Carrying Amount of Debt Refunding	1920	0.00
Pension	1940	0.00
Other Postemployment Benefits	1950	0.00
<b>Total Deferred Outflows of Resources</b>		0.00
<b>LIABILITIES</b>		
Accounts Payable	2120	0.00
Sales Tax Payable	2260	0.00
<i>Noncurrent Liabilities</i>		
<i>Portion Due Within One Year:</i>		
Notes Payable	2310	0.00
Obligations Under Capital Leases	2315	0.00
Bonds Payable	2320	0.00
Liability for Compensated Absences	2330	0.00
Lease-Purchase Agreements Payable	2340	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Estimated PECO Advance Payable	2370	0.00
Other Long-Term Liabilities	2380	0.00
Derivative Instrument	2390	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00
Due Within One Year		0.00
<i>Portion Due After One Year:</i>		
Notes Payable	2310	0.00
Obligations Under Capital Leases	2315	0.00
Bonds Payable	2320	0.00
Liability for Compensated Absences	2330	0.00
Lease-Purchase Agreements Payable	2340	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Estimated PECO Advance Payable	2370	0.00
Other Long-Term Liabilities	2380	0.00
Derivative Instrument	2390	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00
Due in More than One Year		0.00
<b>Total Long-Term Liabilities</b>		0.00
<b>Total Liabilities</b>		0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00
Deferred Revenues	2630	0.00
Pension	2640	0.00
Other Postemployment Benefits	2650	0.00
<b>Total Deferred Inflows of Resources</b>		0.00
<b>NET POSITION</b>		
Net Investment in Capital Assets	2770	0.00
<i>Restricted For:</i>		
Categorical Carryover Programs	2780	0.00
Food Service	2780	0.00
Debt Service	2780	0.00
Capital Projects	2780	0.00
Other Purposes	2780	0.00
Unrestricted	2790	0.00
<b>Total Net Position</b>		0.00

The notes to financial statements are an integral part of this statement.  
ESE 145

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
MAJOR AND NONMAJOR COMPONENT UNITS  
Major Component Unit Name  
For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		0.00	0.00	0.00	0.00	0.00

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes  
Property Taxes, Levied for Debt Service  
Property Taxes, Levied for Capital Projects  
Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

Extraordinary Items

Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015

Adjustments to Net Position

Net Position, June 30, 2016

0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00



DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
 COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
 MAJOR AND NONMAJOR COMPONENT UNITS  
 Major Component Unit Name  
 For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		0.00	0.00	0.00	0.00	0.00

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

Extraordinary Items

Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015

Adjustments to Net Position

Net Position, June 30, 2016

0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00

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

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
 COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
 MAJOR AND NONMAJOR COMPONENT UNITS  
 TOTAL NONMAJOR COMPONENT UNITS  
 For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		0.00	0.00	0.00	0.00	0.00

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

Extraordinary Items

Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015

Adjustments to Net Position

Net Position, June 30, 2016

0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
MAJOR AND NONMAJOR COMPONENT UNITS  
TOTAL COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
Total Component Unit Activities		0.00	0.00	0.00	0.00	0.00

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes  
Property Taxes, Levied for Debt Service  
Property Taxes, Levied for Capital Projects  
Local Sales Taxes  
Grants and Contributions Not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Special Items  
Extraordinary Items  
Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015  
Adjustments to Net Position  
Net Position, June 30, 2016

0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00

**EXHIBIT – D-1**  
**HAMILTON COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Hamilton County School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation and school food service departments are allocated to the student transportation services and school food service functions, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

**B. Reporting Entity**

The Hamilton County District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. 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 Hamilton 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 legally separate 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 these criteria, no component units are included within the District's reporting entity.

**C. Basis of Presentation: Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The effects of inter-fund activity have been eliminated from the government-wide financial statements.

**D. Basis of Presentation: Fund Financial Statements**

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

Major individual governmental funds are reported as separate columns in the fund financial statements. The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – Other Fund – to account for certain Federal grant program resources.
- Capital Projects – Public Education Capital Outlay Funds – to account for the proceeds of Special Facilities Construction Account appropriations to be used to construct a new elementary school, and for the financial resources generated by the Public Education Capital Outlay and Debt Service Trust fund to be used for facilities maintenance.

Additionally, the District reports the following fiduciary fund type:

- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at 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. Further, certain activity occurs during the 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.

#### E. Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at



the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The agency fund has no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

## **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### **1. Cash and Cash Equivalents**

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, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool.

Cash deposits are held by banks qualified as public depositories under Florida law. 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.

### **2. Investments**

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys and amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission (SEC) Rule 2a-7-like external investment pool that operates in conformity with the SEC's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. They 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.

Types and amounts of investments held at fiscal year-end are described in a subsequent note.

### **3. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased during the year, and are adjusted at year-end to reflect year-end physical inventories.



#### 4. 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 assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000.00. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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	40 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures and Equipment	3-15 years
Motor Vehicles	5-10 years
Audio Visual Materials and Computer Software	3-5 years
Property Under Lease Purchase	5-10 years

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

#### 5. 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. Investments are reported at fair value.

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

#### 6. 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 position.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

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

## **7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item(s) that qualifies for reporting in this category. The deferred charge is for pensions. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, Deferred Revenues and Pension, are reported only in the governmental funds balance sheet. The governmental funds report deferred revenues from one source: refunded debt and its reacquisition price. The second reported item is for Pension. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **8. Net Position Flow Assumptions**

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

## **9. Fund Balance Flow Assumptions**

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

## **10. 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, when reported, 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. The District reported no committed fund balances at June 30, 2016.

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 approval of the Annual Financial Report, assigned fund balance and has given the finance officer authority through

resolution to identify the components of fund balance other than the committed portion. 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.

In addition, the District has adopted Board Policy 7.01 – School Budget System which requires an adequate fund balance reserve to cover unforeseen events (including, but not limited to, revenue shortfalls and student enrollment under projects). The adopted annual operating fund budget shall include, if feasible, a fund balance reserve which is at least four percent (4%) of the recurring expenditure budget.

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues 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.

### **2. State Revenue Sources**

Significant revenues from State sources for current operations include 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 for a period of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The 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 balance of categorical educational program resources.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

### **3. 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 Hamilton County Property Appraiser, and property taxes are collected by the Hamilton County Tax Collector.

The School Board adopted the 2015 tax levy on September 14, 2015. 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 delinquent on April 1 of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Hamilton County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

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

#### **4. 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.

#### **5. Compensated Absences**

In the government-wide financial statements, compensated absences (i.e. paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

## **II. ACCOUNTING CHANGES**

**Governmental Accounting Standards Board Statement No. 68.** The District participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (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*, 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 beginning net position of the District was decreased by \$ due to the adoption of this Statement. The District's proportionate share of the net pension liabilities at July 1, 2015, totaled \$.

## **III. DETAILED NOTES ON ALL ACTIVITIES AND FUND**

### **A. Cash Deposits with Financial Institutions**

**Custodial Credit Risk-Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

## B. Investments

As of June 30, 2016, the District had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	58 Day Average	\$ 3,094.51
Debt Service Accounts	6 Months	2,479.86
<b>Total Investments</b>		<b>\$ 5,574.37</b>

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

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Florida PRIME had a weighted average day to maturity (WAM) of 58 days at June 30, 2016. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District does not have a formal investment policy that limits its investment choices.

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 interest rate risk and credit risk for this account.

The District's investment in Florida PRIME is rated AAAM by Standard & Poor's.

## C. Changes in Capital Assets

Changes in capital assets are presented in the table below.

	Balance 7-30-15	Additions	Deletions	Balance 6-30-16
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 566,197.38	\$ 136,121.10	\$ 2,196.00	\$ 700,122.48
Construction in Progress	-	1,164,413.34		1,164,413.34
Total Capital Assets Not Being Depreciated	566,197.38	1,300,534.44	2,196.00	1,864,535.82
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	2,398,150.06	37,795.82	-	2,435,945.88
Buildings and Fixed Equipment	33,077,445.65	80,000.00	-	33,157,445.65
Furniture, Fixtures, and Equipment	3,955,974.69	261,976.73	-	4,217,951.42
Motor Vehicles	3,730,989.17	220,061.00	141,332.00	3,809,718.17
Audio-Visual Materials	7,602.00			7,602.00
Computer Software	716,184.99	26,681.86	-	742,866.85
Lease-Purchased Equipment (Computer Ware)	115,768.81	139,458.67	-	255,227.48
Total Capital Assets Being Depreciated	44,002,115.37	765,974.08	141,332.00	44,626,757.45
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	811,902.71	41,114.85	-	853,017.56
Buildings and Fixed Equipment	8,469,745.33	696,681.62		9,166,426.95
Furniture, Fixtures, and Equipment	3,551,929.71	167,834.06		3,719,763.77
Motor Vehicles	2,480,295.35	254,130.28	141,332.00	2,593,093.63
Audio-Visual Materials and	7,602.00			7,602.00
Computer Software	711,134.93	4,591.80		715,726.73
Capital Lease Equipment	11,576.88	27,789.35		39,366.23
Total Accumulated Depreciation	16,044,186.91	1,192,141.96	141,332.00	17,094,996.87
Total Capital Assets Being Depreciated, Net	27,957,928.46	(426,167.88)	-	27,531,760.58
Governmental Activities Capital Assets, Net	\$ 28,524,125.84	\$ 874,366.56	\$ 2,196.00	\$ 29,396,296.40

The class of property under capital lease is presented in note

Depreciation expense was charged to functions as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
Transportation-function 7800	\$ 254,130.28
School Food Service - function 7600	5,702.97
Unallocated	932,308.71
Total Depreciation Expense - Governmental Activities	<u>\$ 1,192,141.96</u>



## **D. Retirement Plans**

### **1. Florida Retirement System (FRS) – Defined Benefit Pension Plans**

#### **General Information about the FRS**

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

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

The District's pension expense totaled \$433,532 for the fiscal year ended June 30, 2016.

#### **FRS Pension Plan**

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

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

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. Employees enrolled in 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 an FRS participating 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 5 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:

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

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 2015-1 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	7.26
FRS, Elected County Officers	3.00	42.27
DROP - Applicable to Members from All of the Above Classes	0.00	12.88
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

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

The District's contributions, including employee contributions, to the Plan totaled \$602,189 for the fiscal year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2016, the District reported a liability of \$3,405,514 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was .026365933 percent, which was a decrease of .000150 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$219,959. 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	\$	\$ 80,768
Change of assumptions	226,035	
Net difference between projected and actual earnings on FRS pension plan investments		2,012,696
Changes in proportion and differences between District FRS contributions and proportionate share of contributions		104,833
District FRS contributions subsequent to the measurement date	602,189	
<b>Total</b>	<u>\$ 828,224.00</u>	<u>\$ 2,198,297.00</u>

The deferred outflows of resources related to pensions, totaling \$602,189 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	(660,545)
2018	(660,545)
2019	(660,545)
2020	14,172
2021	4,269
Thereafter	4,269
	<u>\$ (1,958,925.0)</u>

**Actuarial Assumptions.** The total pension liability in the July 1, 2014, 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	7.65 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, 2014, 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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
<b>Total</b>	<b>100.00%</b>			
Assumed inflation - Mean		2.60%		2.00%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.65 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

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	\$ 2,960,349	\$ 3,405,514	\$ 3,850,679

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.

## **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 Florida Department of Management Services, Division of Retirement.

*Benefits Provided.* For the fiscal year ended June 30, 2016, 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, 2016, the contribution rate was 1.26 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 \$169,341 for the fiscal year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2016, the District reported a net pension liability of \$3,283,360 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 pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was .032194770 percent, which was an increase of .001187 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$213,573. 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	\$ 258,315	\$ -
Net difference between projected and actual earnings on HIS pension plan investments	1,777	
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions		238,682
District contributions subsequent to the measurement date	169,341	
<b>Total</b>	<u>\$ 429,433</u>	<u>\$ 238,682</u>

The deferred outflows of resources, totaling \$169,341, was related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ (28,912)
2018	(28,912)
2019	(28,912)
2020	(29,260)
2021	(35,115)
Thereafter	(35,115)
	<u>\$(186,226.00)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2014, 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	4.29 percent

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. )

Discount Rate. The discount rate used to measure the total pension liability was 4.29 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)

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 4.29 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 (3.29 percent) or 1 percentage-point higher (5.29 percent) than the current rate:

	<u>Decrease (3.29%)</u>	<u>Discount Rate (4.29%)</u>	<u>Increase (5.29%)</u>
District's proportionate share of the net pension liability	\$ 2,518,008	\$ 3,283,360	\$ 4,048,712

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.

## **2. FRS – Defined Contribution Pension Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited

benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 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. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$153,470 for the fiscal year ended June 30, 2016.

## **E. Other Postemployment Benefit Obligations**

**Plan Description.** The Other Postemployment Benefits Plan (OPEB) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan 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 OPEB Plan on average than those of active employees. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees pursuant to Board approval each year. Under this retirement incentive, retirees receive a \$50 per month rate subsidy until the retiree reaches age 65. Retirees are assumed 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 other entity.

**Funding Policy.** Plan contribution requirements of the District and OPEB Plan members are established and may be amended by the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2015-16 fiscal year, 34 retirees received other postemployment benefits. The District provided required contributions of \$135,449 toward the annual OPEB cost, net of retiree contributions totaling \$212,269, which represents 2.04 percent of covered payroll.

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

Description	Amount
Normal Cost (Service Cost for One Year)	\$ 35,370.00
Amortization of Unfunded Actuarial Accrued Liability	98,534.00
Interest on Normal Cost and Amortization	1,545.00
Annual Required Contribution	135,449.00
Interest on Net OPEB Obligation	3,115.00
Adjustment to Annual Required Contribution	(9,151.00)
Annual OPEB Cost (Expense)	129,413.00
Employer Contribution Toward the OPEB Cost	(135,449.00)
Decrease in Net OPEB Obligation	(6,036.00)
Net OPEB Obligation, Beginning of Year	88,989.00
Net OPEB Obligation, End of Year	\$ 82,953.00

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2016, and the two preceding fiscal years, were as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013-14	169,484	100%	94,643
2014-15	126,528	104%	88,989
2015-16	129,413	105%	82,953

**Funded Status and Funding Progress.** As of March 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,054,161, and the actuarial value of assets was \$0, resulting in an

unfunded actuarial liability of \$1,054,161 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$10,409,439 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10 percent.

Actuarial valuations of an ongoing OPEB 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 healthcare cost trends. Amounts determined regarding the funded status of the OPEB 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. The required schedule of funding progress, immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive OPEB 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 calculation.

The District's OPEB actuarial valuation as of March 1, 2015, used the projected unit credit cost method to estimate the unfunded actuarial liability as of June 30, 2015, and to estimate the District's 2014-15 and 2015-16 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.50 percent rate of return on invested assets. The actuarial assumptions also include a payroll growth rate of 3.0 percent per year, and an annual health care cost trend of 6.50 percent initially for the 2014-15 fiscal year, reduced gradually over 70 years to an ultimate rate of 4.60 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016, was 10.2927 years.

## E. Construction and Other 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 year are carried forward and the next fiscal year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2016:

Major Funds				
General	Special Revenue - Other	Capital Projects - Public Education Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
\$ 91,540.71	\$ 48,275.22	\$ 226,867.32	\$ 42,067.74	\$ 408,750.99

## G. 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 Hamilton County District School Board is a member of the North East Florida Educational Consortium (NEFEC) under which several school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and

machinery, and other coverage deemed necessary by the members of NEFEC. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. NEFEC is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for NEFEC is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for NEFEC.

Employee group health and hospitalization coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

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

## H. Obligations Under Capital Lease

The class and amount of property being acquired under capital lease is as follows:

Data Processing Equipment, IP Phone System and

Computer Equipment	\$ 574,204.05
--------------------	---------------

Future minimum lease payments and the present value of the minimum lease payments of June 30 are as follows:

Fiscal Year Ending June 30	Amount
2016-17	\$204,187.59
2017-18	161,164.66
Total Minimum Lease Payments	\$365,352.25

The stated interest rate is 0 percent.

## I. Long-Term Liabilities

### 1. Special Public Education Capital Outlay Advance Payable

The liability at June 30, 2016, of \$1,215,135.75 represents the amount of the Public Education Capital Outlay Special Facilities allocation expected to be replaced by other District capital outlay sources that are committed under Section 1013.64, Florida Statutes, for funding specific construction needs. The liability is expected to be retired by the close of the 2017-18 fiscal year.



## 2. Bonds Payable

Bonds Payable at June 30, 2016, are as follows:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To:
State School Bonds:			
Series 2014B, Refunding	\$102,000	5.0	2020

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 State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

Annual Requirements to amortize all bonded debt outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2017	\$ 48,920.00	\$ 44,000.00	\$ 4,920.00
2018	49,720.00	47,000.00	2,720.00
2019	5,370.00	5,000.00	370.00
2020	6,120.00	6,000.00	120.00
<b>Total</b>	<b>\$ 110,130.00</b>	<b>\$102,000.00</b>	<b>\$ 8,130.00</b>

## 3. Changes in Long-Term Liabilities

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

Description	Balance 7-1-15	Additions	Deductions	Balance 6-30-16	Due in One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Obligations Under Lease-Purchase	\$ 86,042.64	\$ 483,493.98	\$ 204,184.37	\$ 365,352.25	\$ 204,187.59
Bonds Payable	143,000.00		41,000.00	102,000.00	\$ 44,000.00
Postemployment Healthcare Benefits Payable	88,989.00	129,413.00	135,449.00	82,953.00	
Net Pension Liability	4,517,143.00	2,171,731.00		6,688,874.00	
Compensated Absences Payable	1,031,488.08	93,922.37	84,052.52	1,041,357.93	58,500.00
<b>Total Governmental Activities</b>	<b>\$ 5,866,662.72</b>	<b>\$ 2,878,560.35</b>	<b>\$ 464,685.89</b>	<b>\$ 8,280,537.18</b>	<b>\$ 306,687.59</b>

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund. Due to the nature of the liability there is no amount of other postemployment benefits due in one year.

## J. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in the **Fund Balance Policies** note disclosure, fund balances may be classified as follows:

- **Nonspendable Fund Balance.** Nonspendable fund balance is 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.
- **Restricted Fund Balance.** Restricted fund balance is 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.
- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been restricted, committed, or assigned for specific purposes.

## K. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major Funds:		
General Fund	\$ 143,840.19	
Federal Programs		
Other Federal Programs		143,840.19
	<u>\$ 143,840.19</u>	<u>\$ 143,840.19</u>

The interfund receivables and payables represent temporary loans to cover anticipated deficit cash balances in pooled accounts and to cover expenditures incurred. These amounts are expected to be repaid within one year.

## L. Revenues and Expenditures/Expenses

### 1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2015-2016 fiscal year:

Source	Amount
Florida Education Finance Program	\$6,530,575.00
Categorical Educational Programs -Class Size Reduction	1,769,444.00
Gross Receipts Tax (Public Education Capital Outlay)	968,025.25
Pari-mutual Funds	223,250.00
Voluntary Prekindergarten Program	101,011.68
Workforce Development Program	70,581.00
School Recognition funds	35,557.00
State Forest Funds	31,082.96
Food Service Supplement	29,747.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	75,137.85
Mobile Home tax	7,787.47
Miscellaneous	58,502.36
<b>Total</b>	<b>\$9,900,701.57</b>

Accounting policies relating to certain State revenue sources are described in note I.G.2

### 2. Property Taxes

The following is a summary of millages and taxes levied on the 2015 tax roll for the 2015-16 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<b><u>GENERAL FUND</u></b>		
Nonvoted School Tax:		
Required Local Effort	4.8590	\$ 3,528,266.00
Basic Discretionary Local Effort	0.7480	543,146.00
Voted School Tax		
Critical Operating Needs	0.2500	181,533.00
<b><u>CAPITAL PROJECTS FUNDS</u></b>		
Nonvoted Tax:		
Local Capital Improvements	1.5000	1,089,195.00
<b>Total</b>	<b>7.3570</b>	<b>\$ 5,342,140.00</b>

## M. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 150,103.47	
Capital Projects:		
Public Education Capital Outlay	\$ 574,083.51	\$ 14,707.00
Non-Major Funds		
Capital Projects:		
Capital Outlay & Debt Service		27,027.84
Local Capital Improvement		682,452.14
Total	\$ 724,186.98	\$ 724,186.98

Interfund transfers were to move restricted capital outlay revenues to offset eligible expenditures made in the General Fund and to move District required capital outlay funding for the Special Facilities Construction Appropriation funding.

## I. SUBSEQUENT EVENTS

On July 11, 2016, the Board entered into a Construction Management Contract to build the New K-6 Hamilton Elementary School, in the amount of \$19,652,483. The funding for the new elementary school has been legislatively appropriated through Special Facilities Construction Account. Fiscal Year 2015-16 was the first year of a 3-year appropriation funding stream in the amount of \$22,425,842.

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
June 30, 2016

FY	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
2008/09	03/01/2009	-	\$ 1,937,109	\$ 1,937,109	0%	\$ 6,793,522	28.5%
2014/15	03/01/2015	-	1,054,161	1,054,161	0%	\$ 10,089,373	10.4%
2015/16	03/01/2015	-	1,054,161	1,054,161	0%	\$ 10,409,439	10.1%

Note: (1) The District's OPEB actuarial valuation used the projected unit credit cost method to estimate the actuarial accrued liability

Schedule of the District's Proportionate Share  
of the Net Pension Liability -  
Florida Retirement System Pension Plan (1)

	2015	2014	2013
District's proportion of FRS net pension liability (asset)	0.0263659330%	0.0265159800%	0.0272406100%
District's proportionate share of FRS net pension liability (asset)	\$3,405,514.00	\$1,617,865.00	\$4,689,321.00
District's covered-employee payroll	\$8,346,604	\$7,951,613	\$9,088,529.26
District's proportionate share of the FRS net pension liability (asset) as a percentage of its covered-employee payroll	40.80%	20.30%	52%
FRS Plan fiduciary net position as a percentage of the total pension liability	96.09%	96.09%	88.54%

Note: (1) The amounts presented for each fiscal year were determined as of June 30

Schedule of the District Contributions -  
Florida Retirement System Pension Plan (1)

	2016	2015	2014
Contractually required FRS contribution	\$602,189.00	\$642,824.00	\$580,812.00
FRS contributions in relation to the contractually required contribution	602,189.00	642,824.00	580,812.00
District's covered-employee payroll	\$8,346,604	\$8,346,604	\$7,951,613
FRS contributions as a percentage of covered-employee payroll	7.70%	7.70%	7.30%

Note: (1) The amounts presented for each fiscal year were determined as of June 30

Schedule of the District's Proportionate Share  
of the Net Pension Liability -  
Health Insurance Subsidy Pension Plan

	2015	2014	2013
District's proportion of HIS net pension liability (asset)	0.032194770%	0.031007510%	0.034803420%
District's proportionate share of HIS net pension liability (asset)	\$3,283,360	\$2,899,278	\$3,030,095.00
District's covered-employee payroll	\$9,772,145	\$9,212,710	\$10,110,732.29
District's proportionate share of the HIS net pension liability (asset) as a percentage of its covered-employee payroll	33.60%	31.47%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.99%	1.78%

Note: (1) The amounts presented for each fiscal year were determined as of June 30

Schedule of the District Contributions -  
Health Insurance Subsidy Pension Plan (1)

	2016	2015	2014
Contractually required HIS contribution	\$213,573.00	\$123,068.00	\$106,221.00
HIS contributions in relation to the contractually required contribution	213,573.00	123,068.00	106,221.00
District's covered-employee payroll	\$9,772,145	\$9,772,145	\$9,212,710
HIS contributions as a percentage of covered-employee payroll	1.26%	1.26%	1.15%

Note: (1) The amounts presented for each fiscal year were determined as of June 30

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**1. Budgetary Basis of Accounting**

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

**2. Schedule of Funding Progress – Other Postemployment Benefits Plan**

- The March 1, 2015, the Actuarial Accrued Liability (AAL) Projected Unit Credit and the Unfunded Actuarial Accrued Liability (UAAL) are the same amount of \$1,054,161.

**3. Schedule of Net Pension Liability and Schedule of Contributions-Florida Retirement System Pension Plan**

**4. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan**



DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2016

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100	50,000.00	17,423.09	17,423.09	
Federal Through State and Local	3200	150,000.00	712,914.99	712,914.99	0.00
State Sources	3300	8,779,565.00	8,822,120.47	8,822,120.47	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423				
Other Local Revenue		4,252,943.00	4,345,543.59	4,345,543.59	0.00
Total Local Sources	3400	158,000.00	409,992.24	409,992.24	0.00
<b>Total Revenues</b>		4,410,943.00	4,755,535.83	4,755,535.83	0.00
<b>EXPENDITURES</b>		13,390,508.00	14,307,994.38	14,307,994.38	0.00
<i>Current:</i>					
Instruction	5000	6,311,697.74	6,892,714.89	6,892,714.89	0.00
Student Support Services	6100	414,570.50	428,276.69	428,276.69	0.00
Instructional Media Services	6200	195,112.24	186,545.19	186,545.19	0.00
Instruction and Curriculum Development Services	6300	280,390.01	160,941.11	160,941.11	0.00
Instructional Staff Training Services	6400	417,009.59	575,614.40	575,614.40	0.00
Instruction-Related Technology	6500	478,528.89	370,305.25	370,305.25	0.00
Board	7100	408,834.10	394,186.26	394,186.26	0.00
General Administration	7200	272,021.42	271,194.02	271,194.02	0.00
School Administration	7300	842,197.88	867,146.90	867,146.90	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	293,900.94	323,517.82	323,517.82	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	164,492.49	187,974.41	187,974.41	0.00
Student Transportation Services	7800	1,214,526.93	1,363,733.14	1,363,733.14	0.00
Operation of Plant	7900	1,693,938.50	1,635,629.09	1,635,629.09	0.00
Maintenance of Plant	8100	550,422.74	768,762.58	768,762.58	0.00
Administrative Technology Services	8200	250,616.20	177,939.96	177,939.96	0.00
Community Services	9100		72,526.31	72,526.31	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710		43,019.71	43,019.71	0.00
Interest	720		0.00	0.00	0.00
Due and Fees	730		0.00	0.00	0.00
Miscellaneous	790		0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420		0.00	0.00	0.00
Other Capital Outlay	9300		83,432.78	83,432.78	0.00
<b>Total Expenditures</b>		13,788,260.17	14,803,460.51	14,803,460.51	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(397,752.17)	(495,466.13)	(495,466.13)	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	3730		0.00	0.00	0.00
Loss Recoveries	3740		18,528.30	18,528.30	0.00
Transfers In	3600	150,103.47	150,103.47	150,103.47	0.00
Transfers Out	9700		0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		150,103.47	168,631.77	168,631.77	0.00
<b>Net Change in Fund Balances</b>		(247,648.70)	(326,834.36)	(326,834.36)	0.00
Fund Balances, July 1, 2015	2800	259,193.20	1,338,964.73	1,338,964.73	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2016	2700	11,544.50	1,012,130.37	1,012,130.37	(0.00)

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MAJOR SPECIAL REVENUE FUNDS - OTHER FEDERAL PROGRAMS  
For the Fiscal Year Ended June 30, 2016

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Through State and Local	3200		2,314,173.69	2,314,173.69	0.00
<b>Total Revenues</b>		0.00	2,314,173.69	2,314,173.69	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000		866,592.96	866,592.96	0.00
Student Support Services	6100		225,911.38	225,911.38	0.00
Instructional Media Services	6200		0.00	0.00	0.00
Instruction and Curriculum Development Services	6300		389,980.41	389,980.41	0.00
Instructional Staff Training Services	6400		675,995.22	675,995.22	0.00
Instruction-Related Technology	6500		0.00	0.00	0.00
Board	7100		0.00	0.00	0.00
General Administration	7200		137,715.19	137,715.19	0.00
School Administration	7300		400.33	400.33	0.00
Facilities Acquisition and Construction	7410		0.00	0.00	0.00
Fiscal Services	7500		0.00	0.00	0.00
Food Services	7600		0.00	0.00	0.00
Central Services	7700		11,539.50	11,539.50	0.00
Student Transportation Services	7800		1,717.04	1,717.04	0.00
Operation of Plant	7900		4,321.66	4,321.66	0.00
Maintenance of Plant	8100		0.00	0.00	0.00
Administrative Technology Services	8200		0.00	0.00	0.00
Community Services	9100		0.00	0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710		0.00	0.00	0.00
Interest	720		0.00	0.00	0.00
Dues and Fees	730		0.00	0.00	0.00
Miscellaneous	790		0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420		0.00	0.00	0.00
Other Capital Outlay	9300		0.00	0.00	0.00
<b>Total Expenditures</b>		0.00	2,314,173.69	2,314,173.69	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2015	2800		0.00	0.00	0.00
Adjustments to Fund Balances	2891		0.00	0.00	0.00
Fund Balances, June 30, 2016	2700	0.00	0.00	0.00	0.00

## **Categorical Flexible Spending Resolution**

RESOLUTION OF THE SCHOOL BOARD OF HAMILTON COUNTY, FLORIDA, PURSUANT TO SECTION 1011.62(6)(b), FLORIDA STATUTES, PROVIDING THE DISTRICT SCHOOL BOARD THE AUTHORITY TO EXERCISE FLEXIBILITY TO EXPEND FUNDS ALLOCATED TO THE SCHOOL DISTRICT FROM THE FUNDS RECEIVED FOR STUDENT TRANSPORTATION, SAFE SCHOOLS, SUPPLEMENTAL ACADEMIC INSTRUCTION, RESEARCH-BASED READING INSTRUCTION AND INSTRUCTIONAL MATERIALS. THESE FUNDS ARE URGENTLY NEEDED TO MAINTAIN ACADEMIC CLASSROOM INSTRUCTION AS SPECIFIED BY THE SCHOOL BOARD.

**WHEREAS**, section 1011.62(6)(b), Florida Statutes, provides flexibility to expend selected categorical funds and approve an amendment to the school district's 2015-16 operating budget; and

**WHEREAS**, the School Board of **Hamilton** County has approved necessary budget amendments to balance the 2015-16 budget; and

**WHEREAS**, the school board finds and declares that the funds received from the above-referenced specific state appropriations are urgently needed to maintain board-specified academic classroom instruction.

**NOW THEREFORE**, be it resolved as follows:

1. The school board hereby approves using student transportation funds in the amount of \$\_\_\_\_\_0\_\_\_\_\_.
2. The school board hereby approves using safe school funds in the amount of \$\_\_\_\_\_0\_\_\_\_\_.
3. The school board hereby approves using supplemental academic instruction funds in the amount of \$274,432.84 and certifies that the required additional hours of instruction have been provided for students in designated low-performing elementary schools (if applicable).
4. The school board hereby approves using research-based reading instruction funds in the amount of \$\_\_\_\_\_0\_\_\_\_\_ and certifies that the required additional hours of instruction have been provided for students in designated low-performing elementary schools (if applicable). An amendment describing the changes that the district is making to its reading plan will be submitted to the Florida Department of Education.
5. The school board hereby approves using instructional materials funds in the amount of \$58,674.89 and certifies that all instructional material purchases necessary to provide updated materials that are aligned with applicable state standards and course descriptions and that meet statutory requirements of content and learning have been completed for the fiscal year.

**Total amount of Categorical Flexibility Funds: \$333,107.73.**

STATE OF FLORIDA  
COUNTY OF HAMILTON

I, Thomas P. Moffses, Jr., superintendent of schools and ex-officio secretary of the District School Board of Hamilton County, Florida, do hereby certify that the above is a true and complete copy of a resolution passed and adopted by the District School Board of Hamilton County, Florida, September 12, 2016.

---

Signature of Superintendent of Schools

---

Date of Signature

**FLORIDA DEPARTMENT OF EDUCATION  
SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145)  
DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
For the Fiscal Year Ended June 30, 2016**

Return completed form to: Florida Department of Education Office of Funding and Financial Reporting 325 West Gaines Street, Room 814 Tallahassee, Florida 32399-0400
--

**INDEX:**

		<b>PAGE NUMBER</b>	
		<b><u>Minimum</u></b>	
		<b><u>Reporting</u></b>	<b><u>CAFR</u></b>
Exhibit A-1	Management's Discussion and Analysis-----	1	1
Exhibit B-1	Statement of Net Position -----	2	2
Exhibit B-2	Statement of Activities-----	3	3
Exhibit C-1	Balance Sheet – Governmental Funds-----	4	4
Exhibit C-2	Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position -----	5	5
Exhibit C-3	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds -----	6	6
Exhibit C-4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities -----	7	7
Exhibit C-5	Statement of Net Position – Proprietary Funds-----	8	8
Exhibit C-6	Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds -----	9	9
Exhibit C-7	Statement of Cash Flows – Proprietary Funds-----	10	10
Exhibit C-8	Statement of Fiduciary Net Position-----	11	11
Exhibit C-9	Statement of Changes in Fiduciary Net Position -----	12	12
Exhibit C-10	Combining Statement of Net Position – Major and Nonmajor Component Units -----	13	13
Exhibit C-11a-d	Combining Statement of Activities – Major and Nonmajor Component Units-----	14-17	14-17
Exhibit D-1	Notes to Financial Statements -----	18	18
Exhibit D-2a	Required Supplementary Information – Schedule of Funding Progress -----	19	19
Exhibit D-2b	Notes to Required Supplementary Information -----	20	20
Exhibit E-1	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund-----	21	21
Exhibit E-2a-d	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Major Special Revenue Funds -----	22-25	22-25
Exhibit F-1a-d	Combining Balance Sheet – Nonmajor Governmental Funds-----		26-29
Exhibit F-2a-d	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds-----		30-33
Exhibit G-1	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds-----		34
Exhibit G-2	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Funds -----		35
Exhibit G-3	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Projects Funds-----		36
Exhibit G-4	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Permanent Funds -----		37
Exhibit H-1	Combining Statement of Net Position – Nonmajor Enterprise Funds -----		38
Exhibit H-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds-----		39
Exhibit H-3	Combining Statement of Cash Flows – Nonmajor Enterprise Funds -----		40
Exhibit H-4	Combining Statement of Net Position – Internal Service Funds-----		41
Exhibit H-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds -----		42
Exhibit H-6	Combining Statement of Cash Flows – Internal Service Funds-----		43
Exhibit I-1	Combining Statement of Fiduciary Net Position – Investment Trust Funds -----		44
Exhibit I-2	Combining Statement of Changes in Net Position – Investment Trust Funds -----		45
Exhibit I-3	Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds-----		46
Exhibit I-4	Combining Statement of Changes In Net Position – Private-Purpose Trust Funds-----		47
Exhibit I-5	Combining Statement of Fiduciary Net Position – Pension Trust Funds-----		48
Exhibit I-6	Combining Statement of Changes In Net Position – Pension Trust Funds-----		49
Exhibit I-7	Combining Statement of Fiduciary Assets and Liabilities – Agency Funds -----		50
Exhibit I-8a-d	Combining Statement of Changes in Assets and Liabilities – Agency Funds -----		51-54
Exhibit J-1	Combining Statement of Net Position – Nonmajor Component Units-----		55
Exhibit J-2a-d	Combining Statement of Activities – Nonmajor Component Units -----		56-59

**FLORIDA DEPARTMENT OF EDUCATION  
SUPERINTENDENT'S ANNUAL FINANCIAL REPORT (ESE 145)  
DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
For the Fiscal Year Ended June 30, 2016**

Return completed form to: Florida Department of Education Office of Funding and Financial Reporting 325 West Gaines Street, Room 814 Tallahassee, Florida 32399-0400
--

**INDEX:**

		<b>PAGE NUMBER</b>	
		<u>Minimum Reporting</u>	<u>CAFR</u>
Exhibit J-1	Combining Statement of Net Position – Nonmajor Component Units-----		55
Exhibit J-2a-d	Combining Statement of Activities – Nonmajor Component Units -----		56-59

The Superintendent's Annual Financial Report (ESE 145) for the fiscal year ended June 30, 2016, was submitted in accordance with rule 6A-1.0071, Florida Administrative Code (section 1001.51(12)(b), Florida Statutes). This report was approved by the school board on September 12, 2016.

\_\_\_\_\_  
Signature of District School Superintendent

\_\_\_\_\_  
Signature Date

## **Hamilton County District School Board**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

The Management of the Hamilton County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2016. 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 2015-16 fiscal year are as follows:

- As of June 30, 2016, the assets and deferred outflows of resources exceed the liabilities by \$21,548,134.97.
- The District's total net position decreased by \$1,604,500 from the 2014-15 fiscal year, which continues to be primarily from the District's reporting of pension related liabilities and deferred outflows/inflows of resources required by GASB Statement No. 68.
- General revenues total \$17,703,777 or 91.9 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$1,558,771, or 8.1 percent of all revenues.
- Expenses total \$20,836,698. Only \$1,558,771 of these expenses was offset by program specific charges, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$1,012,130, which is \$326,834 less than the prior fiscal year balance. The General Fund total assigned and unassigned fund balances was \$672,874, or approximately 4.7 percent of total General Fund revenues.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the 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 and its assets and liabilities using an economic resources measurement focus. Assets less liabilities equal 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 are reported in the government-wide financial statements as governmental activities, 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.



## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### **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, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and 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, and the Capital Projects – Non-voted Capital Improvement 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. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

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

The District uses agency funds to account for resources held for student activities and groups.

### **Notes to Financial Statements**

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

## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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.

As noted earlier, 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, 2016, compared to net position as of June 30, 2015:

	<b>Net Position, End of Year Governmental Activities</b>	
	<b>6/30/2016</b>	<b>6/30/2015</b>
Current Assets	\$ 3,015,377	\$ 2,991,781
Capital Assets	29,396,296	28,524,126
<b>Total Assets</b>	<b>32,411,674</b>	<b>31,515,907</b>
Deferred Outflows of Resources	1,257,657	1,150,638
Long-Term Liabilities	8,280,537	5,866,663
Other Liabilities	188,042	481,405
<b>Total Liabilities</b>	<b>8,468,579</b>	<b>6,348,068</b>
<b>Deferred Inflows of Resources</b>	<b>(3,652,617)</b>	<b>(3,188,508)</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	29,295,645	28,295,083
Restricted	1,493,092	1,562,289
Unrestricted Deficit	(9,240,602)	(6,727,403)
<b>Total Net Position</b>	<b>\$ 21,548,135</b>	<b>\$ 23,129,969</b>

The largest portion of the District's net position (136 percent) is investment in capital assets (e.g., land; buildings; furniture, fixtures and equipment), 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 (7 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position is a deficit of \$9,285,209 or 43% and represents an increase in the deficit position by \$2,513,200. This continues to be a significant increase in the deficit position but still represents the District's reporting of the net pension liability as required by GASB 68 and the District's participation in the Florida Retirement System, along with increases in the liabilities for compensated absences and the lease-purchase of equipment obligation.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2016, and June 30, 2015, are as follows:

# Hamilton County District School Board

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results for the Fiscal Year Ended			
Governmental Activities			
	6/30/2015		6/30/2015
<b>Program Revenues:</b>			
Charges for Services	\$ 124,592	\$	173,779
Operating Grants and Contributions	1,351,046		1,403,980
Capital Grants and Contributions	1,052,784		109,952
<b>General Revenues:</b>			
Property Taxes, Levied for Operational Purposes	4,345,544		4,556,738
Property Taxes, Levied for Capital Projects	1,107,640		1,160,241
Grants and Contributions, Not Restricted to Specific Programs	10,891,941		10,873,033
Unrestricted Investment Earnings	2,857		3,803
Miscellaneous	1,355,795		586,902
<b>Total Revenues</b>	<b>20,232,198</b>		<b>18,868,428</b>
<b>Functions/ Program Expenses:</b>			
Instruction	\$ 8,457,179	\$	7,445,865
Pupil Personnel Services	714,290		652,126
Instructional Media Services	205,087		143,506
Instruction and Curriculum Development Services	599,809		625,867
Instructional Staff Training Services	1,331,200		1,125,329
Instruction Related Technology	379,264		312,444
Board	394,186		416,578
General Administration	427,399		479,803
School Administration	958,118		894,318
Facilities Acquisition and Construction	871,434		194,712
Fiscal Services	348,797		268,547
Food Services	1,518,119		1,400,493
Central Services	216,238		176,378
Pupil Transportation Services	1,706,125		1,643,153
Operation of Plant	1,681,423		1,651,921
Maintenance of Plant	825,303		543,638
Administrative Technology Services	190,291		154,936
Community Services	72,526		11,576
Unallocated Interest on Long-Term Debt	7,601		6,690
Unallocated Depreciation Expense	932,309		887,050
Loss on Disposal of Capital Assets	0		1403
<b>Total Functions/Program Expenses</b>	<b>21,836,698</b>		<b>19,036,333</b>
<b>Change in Net Position</b>	<b>(1,604,500)</b>		<b>(167,905)</b>
Net Position - Beginning of Year	23,129,969		30,330,257
Adjustments to Beginning Net Position (1)	22,666		(7,032,383)
Net Position - Beginning, as Restated	23,152,635		23,297,874
Net Position - Ending	\$ 21,548,135	\$	23,129,969

Note: (1) Year ending June 30, 2015 - Adjustment to beginning net position is due to the implementation of GASB Statement No. 68, which is a change in accounting principle that requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liability of the defined benefit pension plans.

Year ending June 30, 2016 – adjustment to beginning net position is due to the addition to Capital Assets amounts expended in the prior year but included in this year's Net Assets and thereby increasing the prior year's ending Net Position.

The largest revenue source is the State of Florida (51 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula.

## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

---

The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.

Grants and contributions not restricted to specific programs revenues increased by \$18,908 or less than one percent.

Capital grants and contributions revenue increased by \$942,832. These revenues are received from the State and are for acquisition, construction, and maintenance of educational facilities. The increase is the appropriation for PECO, Special Facilities Construction Account dollars in the amount of \$953,318.

Property tax revenues decreased by \$263,796, or 4.6 percent, as a result of a decrease of 12.6 percent in the total millage rate.

Instruction expenses represent 39 percent of total government expenses in the 2015-16 fiscal year. Instruction expenses increased \$1,011,314 or 14 percent from the previous fiscal year; however, this reflects the reporting of the net pension liability related to the requirements of GASB Statement No. 68.

### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance that has not been limited to a particular purpose by an external party, the District, or a group or individual delegated authority by the Board to assign resources for particular purposes.

The total fund balances of governmental funds decreased by \$898,678 during the fiscal year to \$1,455,341 at June 30, 2016. Approximately 12 percent of this amount is unassigned fund balance (\$194,748), which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$205,796), 2) restricted for particular purposes (\$173,352), or 3) assigned for particular purposes (\$1,037,801).

### **Major Governmental Funds**

The General Fund is the District's chief operating fund. At the end of the current fiscal year, assigned and unassigned fund balance is \$672,874 while the total fund balance is \$1,012,130. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance 4.7 percent of the total General Fund revenues, while total fund balance represents approximately 7 percent of total General Fund revenues.

Total fund balance decreased by \$326,834 during the fiscal year. The key factors impacting the change in fund balance are the salary increase approved by the Board for all employees, additional compensation to employees working outside their normal contracted services for many years of postponed District-wide repair and maintenance projects.

The Special Revenue – Other Federal Programs has total revenues and expenditures of \$2,314,174 each and the funding was mainly used for instructional and instructional staff training. Because grant revenues attributed to the grants accounted for in this fund are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance. Activity in this fund decreased \$88,768 or 4 percent and is related to multiple changes in grants including more of the Adult Education being funded in General Fund

## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

---

decreasing it by 47 percent but now representing a 50/50 cost share for the program; Title I decreased \$53,916 or 6 percent; Career and Technical Education decreased \$4,012 or 9 percent; Education for Homeless Children and Youth decreased \$1,717 or 4 percent; Rural Education decreased \$9,631 or 28 percent; while English Language Acquisition Grants increased \$1,941 or 13 percent and Improving Teacher Quality State Grants also increased \$10,672 or 9 percent represents significant changes in the programs but many related to retirement of long-term grant coordinators over certain programs and the transition to new coordinators and becoming familiar with the programs.

The Capital Projects – Local Capital Improvement (LCI) Fund has a total fund balance of \$230,188.70 of which over \$225,000 is encumbered for direct purchase orders for the New K-6 Hamilton Elementary School. The one half of the 1.50 Millage receipts was transferred to the PECO Special Facilities Construction Account as part of the pledging of the District's capital outlay to offset the Legislative appropriation for the Special Facilities funding which also includes the PECO Maintenance appropriation of \$14,707 and the Capital Outlay and Debt Service Fund of \$27,027.84. These funds were transferred to the Special Facilities Construction Account at June 30<sup>th</sup> and created a Special Facilities Construction Account – Deferred Revenue of \$1,215,136. These funds are restricted for the acquisition, construction, and maintenance of capital assets. The fund balance decreased by \$646,311.30 in the current fiscal year as a result of the project planning included in the prior year's encumbered funds of \$876,500.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2015-16 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$917,486 or 7 percent. At the same time, final appropriations were more than the original budgeted amounts by \$1,034,120 or 8 percent creating a negative impact on the fund balance based on changes to the budget. Budget revisions occurred primarily from adjustments to planned expenditures to ensure maintenance of adequate fund balance and to recognize additional revenues as received including two Federal pass-thru grants recorded in the General Fund.

Actual revenues and expenditures equaled the final budgeted amounts. The actual ending fund balance exceeded the original budgeted fund balance contained in the final amended budget by \$805,575, most of which is attributed to recognizing carryforwards from the prior year and the ending amounts for the non-spendable, restricted, and assigned amounts.

### Capital Assets

The District's investment in capital assets for its governmental activities at June 30, 2015, is \$29,295,645 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; property under capital lease; and audio visual materials and computer software. The increase in capital assets for the current fiscal year was approximately 3 percent and is related to the additional lease-purchase of equipment along with the construction in progress for the New K-6 Hamilton Elementary School to the capital assets.

Major capital asset events included the following:

- The District paid \$136,121.10 for land contiguous to the New K-6 Hamilton Elementary School site for the purpose of foundation material for the school as a cost saving measure as well as to be a potentially consolidated retention pond for the entire District campus of the District Office, Hamilton County High School and Hamilton County Elementary School.

## Hamilton County District School Board MANAGEMENT'S DISCUSSION AND ANALYSIS

---

- Two buses, were purchased to improve the existing fleet for the District's vehicles used to transport students.
- The District entered into a lease-purchase agreement to finance District-wide computer equipment upgrade and to upgrade to an iP Phone System.

Additional information on the District's capital assets can be found in notes I.F.4 and II.C to the financial statements.

### Long-Term Debt

At June 30, 2016, the District has total long-term debt outstanding of \$8,280,537, comprised of \$1,041,358 for Compensated Absences Payable; \$102,000 of bonds payable, \$365,352 of lease-purchase payable and \$82,953 of Net Other Postemployment Benefits Obligation. During the current fiscal year, retirement of debt was \$464,686.

Additional information on the District's long-term debt can be found in note II.H. to the financial statements.

The latest enrollment projections for the District indicate an increase of approximately 35 students.

Contributions, both employer and employee, to the Florida Retirement System increased \$92,146, or 1 percent of payroll for the 2015-16 fiscal year.

Contract settlements with all of the District's unions resulted in a salary increase of step placement on Grandfathered Salary Schedule, bonus payments to those professional services contracted teachers at the top and performance pay payments for the instruction staff on the Performance Pay Schedule as funds were available, which represented approximately one percent of prior year roll forward as the funds available for salary increases for the 2015-16 fiscal year.

### REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Director of Business Services, Hamilton County District School Board, 5683 US Hwy 129 South, Suite 1, Jasper, FL 32052.



**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Account Number	Primary Government Governmental Activities
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	2,433,257.73
Investments	1160	5,160.59
Accounts Receivable, Net	1131	160,125.11
Due From Other Agencies	1220	211,025.62
Inventory	1150	205,796.19
Prepaid Items	1230	12.00
<i>Capital Assets</i>		
Land	1310	700,122.48
Construction in Progress	1360	1,164,413.34
Nondepreciable Capital Assets		1,864,535.82
Improvements Other Than Buildings	1320	2,435,945.88
Less Accumulated Depreciation	1329	(853,017.56)
Buildings and Fixed Equipment	1330	33,157,445.65
Less Accumulated Depreciation	1339	(9,166,426.95)
Furniture, Fixtures and Equipment	1340	4,217,951.42
Less Accumulated Depreciation	1349	(3,719,763.77)
Motor Vehicles	1350	3,809,718.17
Less Accumulated Depreciation	1359	(2,593,093.63)
Property Under Capital Leases	1370	255,227.48
Less Accumulated Depreciation	1379	(39,366.23)
Audiovisual Materials and Computer Software	1381	750,468.85
Less Accumulated Depreciation	1388	(723,328.73)
Depreciable Capital Assets, Net		27,531,760.58
Total Capital Assets		29,396,296.40
<b>Total Assets</b>		<b>32,411,673.64</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	1950	
<b>Total Deferred Outflows of Resources</b>		<b>1,257,657.00</b>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings	2170	81,776.34
Accounts Payable	2120	105,066.11
Due to Other Agencies	2230	1,199.14
<i>Noncurrent Liabilities</i>		
<i>Portion Due Within One Year:</i>		
Bonds Payable	2320	44,000.00
Liability for Compensated Absences	2330	58,500.00
Lease-Purchase Agreements Payable	2340	204,187.59
Due Within One Year		306,687.59
<i>Portion Due After One Year:</i>		
Bonds Payable	2320	58,000.00
Liability for Compensated Absences	2330	982,857.93
Lease-Purchase Agreements Payable	2340	161,164.66
Net Other Postemployment Benefits Obligation	2360	82,953.00
Net Pension Liability	2365	6,688,874.00
Estimated PECO Advance Payable	2370	
Due in More than One Year		7,973,849.59
Total Long-Term Liabilities		8,280,537.18
<b>Total Liabilities</b>		<b>8,468,578.77</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Special Facilities Advance Payable	2630	1,215,637.90
Pension	2640	2,436,979.00
<b>Total Deferred Inflows of Resources</b>		<b>3,652,616.90</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2770	29,295,645.43
<i>Restricted For:</i>		
Categorical Carryover Programs	2780	170,872.16
Food Service	2780	125,693.89
Debt Service	2780	2,479.86
Capital Projects	2780	715,919.94
Other Purposes	2780	478,125.88
Unrestricted	2790	(9,240,602.19)
<b>Total Net Position</b>		<b>21,548,134.97</b>

The notes to financial statements are an integral part of this statement.  
ESE 145

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016

FUNCTIONS	Account Number	Expenses	Program Revenues			e) Revenue and Changes in Primary Government
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<i>Governmental Activities:</i>						
Instruction	5000	8,457,178.65	1,520.00	17,423.09		(8,438,235.56)
Student Support Services	6100	714,289.84				(714,289.84)
Instructional Media Services	6200	205,086.70				(205,086.70)
Instruction and Curriculum Development Services	6300	599,808.88				(599,808.88)
Instructional Staff Training Services	6400	1,331,200.46				(1,331,200.46)
Instruction-Related Technology	6500	379,264.40				(379,264.40)
Board	7100	394,186.26				(394,186.26)
General Administration	7200	427,398.66				(427,398.66)
School Administration	7300	958,117.72				(958,117.72)
Facilities Acquisition and Construction	7400	871,434.38			1,005,860.54	134,426.16
Fiscal Services	7500	348,797.13				(348,797.13)
Food Services	7600	1,518,118.91	103,121.17	1,333,622.67		(81,375.07)
Central Services	7700	216,237.67				(216,237.67)
Student Transportation Services	7800	1,706,124.56	19,951.05			(1,686,173.51)
Operation of Plant	7900	1,681,423.37				(1,681,423.37)
Maintenance of Plant	8100	825,303.38				(825,303.38)
Administrative Technology Services	8200	190,291.35				(190,291.35)
Community Services	9100	72,526.31				(72,526.31)
Interest on Long-Term Debt	9200	7,600.79			46,923.02	39,322.23
Unallocated Depreciation/Amortization Expense		932,308.71				(932,308.71)
<b>Total Governmental Activities</b>		<b>21,836,698.13</b>	<b>124,592.22</b>	<b>1,351,045.76</b>	<b>1,052,783.56</b>	<b>(19,308,276.59)</b>
<b>Total Primary Government</b>		<b>21,836,698.13</b>	<b>124,592.22</b>	<b>1,351,045.76</b>	<b>1,052,783.56</b>	<b>(19,308,276.59)</b>

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes  
Property Taxes, Levied for Capital Projects  
Grants and Contributions Not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Special Items  
Extraordinary Items  
Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015  
Adjustments to Net Position  
Net Position, June 30, 2016

4,345,543.59
1,107,639.62
10,891,941.44
2,857.14
1,355,794.84
0.00
0.00
0.00
17,703,776.63
(1,604,499.96)
23,129,968.94
22,665.99
21,548,134.97

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	Account Number	General 100	Other Federal Programs 420	Public Education Capital Outlay (PECO) 340	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>ASSETS</b>						
Cash and Cash Equivalents	1110	682,114.34	0.00	1,442,003.07	309,140.32	2,433,257.73
Investments	1160	0.00	0.00	0.00	5,160.59	5,160.59
Accounts Receivable, Net	1131	160,125.11	0.00	0.00	0.00	160,125.11
Due From Other Agencies	1220	0.00	189,548.30	0.00	21,477.32	211,025.62
Due From Budgetary Funds	1141	143,840.19	0.00	0.00	0.00	143,840.19
Inventory	1150	168,384.21	0.00	0.00	37,411.98	205,796.19
Prepaid Items	1230	0.00	0.00	0.00	12.00	12.00
<b>Total Assets</b>		<b>1,154,463.85</b>	<b>189,548.30</b>	<b>1,442,003.07</b>	<b>373,202.21</b>	<b>3,159,217.43</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>Total Assets and Deferred Outflows of Resources</b>		<b>1,154,463.85</b>	<b>189,548.30</b>	<b>1,442,003.07</b>	<b>373,202.21</b>	<b>3,159,217.43</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Payroll Deductions and Withholdings	2170	81,776.34	0.00	0.00	0.00	81,776.34
Accounts Payable	2120	60,557.14	44,508.97	0.00	0.00	105,066.11
Due to Other Agencies	2230	0.00	1,199.14	0.00	0.00	1,199.14
Due to Budgetary Funds	2161	0.00	143,840.19	0.00	0.00	143,840.19
<b>Total Liabilities</b>		<b>142,333.48</b>	<b>189,548.30</b>	<b>0.00</b>	<b>0.00</b>	<b>331,881.78</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Revenues	2630	0.00	0.00	1,215,135.75	502.15	1,215,637.90
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>1,215,135.75</b>	<b>502.15</b>	<b>1,215,637.90</b>
<b>FUND BALANCES</b>						
<i>Nonspendable:</i>						
Inventory	2711	168,384.21	0.00	0.00	37,411.98	205,796.19
<i>Total Nonspendable Fund Balances</i>	2710	168,384.21	0.00	0.00	37,411.98	205,796.19
<i>Restricted for:</i>						
State Required Carryover Programs	2723	170,872.16	0.00	0.00	0.00	170,872.16
Debt Service	2725	0.00	0.00	0.00	2,479.86	2,479.86
<i>Total Restricted Fund Balances</i>	2720	170,872.16	0.00	0.00	2,479.86	173,352.02
<i>Committed to:</i>						
<i>Total Committed Fund Balances</i>	2730	0.00	0.00	0.00	0.00	0.00
<i>Assigned to:</i>						
Special Revenue	2741	0.00	0.00	0.00	88,281.91	88,281.91
Debt Service	2742	0.00	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	204,958.57	204,958.57
Assigned for Board Approved Designations	2749	386,585.17	0.00	0.00	0.00	386,585.17
Assigned for Encumbrances	2749	91,540.71	0.00	226,867.32	39,567.74	357,975.77
<i>Total Assigned Fund Balances</i>	2740	478,125.88	0.00	226,867.32	332,808.22	1,037,801.42
<i>Total Unassigned Fund Balances</i>	2750	194,748.12	0.00	0.00	0.00	194,748.12
<b>Total Fund Balances</b>	2700	<b>1,012,130.37</b>	<b>0.00</b>	<b>226,867.32</b>	<b>372,700.06</b>	<b>1,611,697.75</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>1,154,463.85</b>	<b>189,548.30</b>	<b>1,442,003.07</b>	<b>373,202.21</b>	<b>3,159,217.43</b>

The notes to financial statements are an integral part of this statement.  
ESE 145

**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**For the Fiscal Year Ended June 30, 2016**

**Total Fund Balances - Governmental Funds**

\$ 1,611,697.75

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.

29,396,296.40

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

Deferred Outflows Related to Pensions

\$ 1,257,657.00  
(2,436,979.00)

(1,179,322.00)

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

Obligations Under Lease-Purchase

\$ (365,352.25)

Bonds Payable

(102,000.00)

Compensated Absences Payable

(1,041,357.93)

Net Pension Liability

(6,688,874.00)

Other Post Employment Benefits Payable

(82,953.00)

(8,280,537.18)

**Total Net Position - Governmental Activities**

\$ 21,548,134.97

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

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2016

	Account Number	General 100	Other Federal Programs 420	Public Education Capital Outlay (PECO) 340	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Federal Direct	3100	17,423.09	0.00	0.00	0.00	17,423.09
Federal Through State and Local	3200	712,914.99	2,314,173.69	0.00	1,303,875.67	4,330,964.35
State Sources	3300	8,822,120.47	0.00	14,707.00	110,555.85	8,947,383.32
<i>Local Sources:</i>						
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	4,345,543.59	0.00	0.00	0.00	4,345,543.59
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	1,107,639.62	1,107,639.62
Charges for Service - Food Service	345X	0.00	0.00	0.00	103,121.17	103,121.17
Other Local Revenue		409,992.24	0.00	0.00	480.24	410,472.48
Total Local Sources	3400	4,755,535.83	0.00	0.00	1,211,241.03	5,966,776.86
<b>Total Revenues</b>		14,307,994.38	2,314,173.69	14,707.00	2,625,672.55	19,262,547.62
<b>EXPENDITURES</b>						
<i>Current:</i>						
Instruction	5000	6,892,714.89	866,592.96	0.00	0.00	7,759,307.85
Student Support Services	6100	428,276.69	225,911.38	0.00	0.00	654,188.07
Instructional Media Services	6200	186,545.19	0.00	0.00	0.00	186,545.19
Instruction and Curriculum Development Services	6300	160,941.11	389,980.41	0.00	0.00	550,921.52
Instructional Staff Training Services	6400	575,614.40	675,995.22	0.00	0.00	1,251,609.62
Instruction-Related Technology	6500	370,305.25	0.00	0.00	0.00	370,305.25
Board	7100	394,186.26	0.00	0.00	0.00	394,186.26
General Administration	7200	271,194.02	137,715.19	0.00	0.00	408,909.21
School Administration	7300	867,146.90	400.33	0.00	0.00	867,547.23
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	323,517.82	0.00	0.00	0.00	323,517.82
Food Services	7600	0.00	0.00	0.00	1,457,322.44	1,457,322.44
Central Services	7700	187,974.41	11,539.50	0.00	0.00	199,513.91
Student Transportation Services	7800	1,363,733.14	1,717.04	0.00	0.00	1,365,450.18
Operation of Plant	7900	1,635,629.09	4,321.66	0.00	0.00	1,639,950.75
Maintenance of Plant	8100	768,762.58	0.00	0.00	0.00	768,762.58
Administrative Technology Services	8200	177,939.96	0.00	0.00	0.00	177,939.96
Community Services	9100	72,526.31	0.00	0.00	0.00	72,526.31
<i>Debt Service: (Function 9200)</i>						
Redemption of Principal	710	43,019.71	0.00	0.00	202,164.66	245,184.37
Interest	720	0.00	0.00	0.00	7,531.77	7,531.77
Dues and Fees	730	0.00	0.00	0.00	69.02	69.02
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>						
Facilities Acquisition and Construction	7420	0.00	0.00	1,333,841.44	1,494,177.69	2,828,019.13
Other Capital Outlay	9300	83,432.78	0.00	0.00	3,825.00	87,257.78
<b>Total Expenditures</b>		14,803,460.51	2,314,173.69	1,333,841.44	3,165,090.58	21,616,566.22
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(495,466.13)	0.00	(1,319,134.44)	(539,418.03)	(2,354,018.60)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	483,493.98	483,493.98
Loss Recoveries	3740	18,528.30	0.00	0.00	0.00	18,528.30
Proceeds from Special Facility Construction Account	3770	0.00	0.00	953,318.25	0.00	953,318.25
Transfers In	3600	150,103.47	0.00	574,083.51	0.00	724,186.98
Transfers Out	9700	0.00	0.00	(14,707.00)	(709,479.98)	(724,186.98)
<b>Total Other Financing Sources (Uses)</b>		168,631.77	0.00	1,512,694.76	(225,986.00)	1,455,340.53
<b>Net Change in Fund Balances</b>		(326,834.36)	0.00	193,560.32	(765,404.03)	(898,678.07)
Fund Balances, July 1, 2015	2800	1,338,964.73	0.00	33,307.00	1,138,104.09	2,510,375.82
Fund Balances, June 30, 2016	2700	1,012,130.37	0.00	226,867.32	372,700.06	1,611,697.75

The notes to financial statements are an integral part of this statement.  
ESE 145



**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**

**Net Change in Fund Balances - Governmental Funds**

\$ (898,678.07)

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

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

(807,178.43)

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

5,502.00

Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceed repayments in the current fiscal year.

Inception of Lease-Purchase Obligation	\$ (483,493.98)	
Lease-Purchase Repayments	204,184.37	
Bond Repayments	41,000.00	
	<u>41,000.00</u>	<u>(238,309.61)</u>

Pension cost are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net change in the pension liabilities in the current fiscal year.

FRS Pension Contribution	\$ 602,189.00	
HIS Pension Contribution	169,341.00	
FRS Pension Expense	(219,959.00)	
HIS Pension Expense	(213,573.00)	
	<u>(213,573.00)</u>	<u>337,998.00</u>

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

(9,869.85)

Other postemployment benefits cost are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net decrease in the other postemployment benefits liability for the current fiscal year.

6,036.00

**Change in Net Position of Governmental Activities**

\$ (1,604,499.96)

The notes to financial statements are an integral part of this statement.  
ESE 145



DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016

This page left intentionally blank

	Account Number	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	0.00
Investments	1160	0.00
Accounts Receivable, Net	1131	0.00
Interest Receivable on Investments	1170	0.00
Due From Other Agencies	1220	0.00
Due From Insurer	1180	0.00
Due From Budgetary Funds	1141	0.00
Deposits Receivable	1210	0.00
Cash with Fiscal/Service Agents	1114	0.00
Section 1011.13, F.S., Loan Proceeds	1420	0.00
Inventory	1150	0.00
Prepaid Items	1230	0.00
Long-Term Investments	1460	0.00
Prepaid Insurance Costs	1430	0.00
Other Postemployment Benefits Asset	1410	0.00
Pension Asset	1415	0.00
<i>Capital Assets:</i>		
Land	1310	0.00
Land Improvements - Nondepreciable	1315	0.00
Construction in Progress	1360	0.00
Nondepreciable Capital Assets		0.00
Improvements Other Than Buildings	1320	0.00
Accumulated Depreciation	1329	0.00
Buildings and Fixed Equipment	1330	0.00
Accumulated Depreciation	1339	0.00
Furniture, Fixtures and Equipment	1340	0.00
Accumulated Depreciation	1349	0.00
Motor Vehicles	1350	0.00
Accumulated Depreciation	1359	0.00
Property Under Capital Leases	1370	0.00
Accumulated Depreciation	1379	0.00
Computer Software	1382	0.00
Accumulated Amortization	1389	0.00
Depreciable Capital Assets, Net		0.00
Total Capital Assets		0.00
<b>Total Assets</b>		<b>0.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00
Net Carrying Amount of Debt Refunding	1920	0.00
Pension	1940	0.00
Other Postemployment Benefits	1950	0.00
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>
<b>LIABILITIES</b>		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	0.00
Accounts Payable	2120	0.00
Sales Tax Payable	2260	0.00
Accrued Interest Payable	2210	0.00
Deposits Payable	2220	0.00
Due to Other Agencies	2230	0.00
Due to Budgetary Funds	2161	0.00
Pension Liability	2115	0.00
Other Postemployment Benefits Liability	2116	0.00
Judgments Payable	2130	0.00
Estimated Unpaid Claims - Self-Insurance Program	2271	0.00
Estimated Liability for Claims Adjustment	2272	0.00
Unearned Revenues	2410	0.00
<i>Noncurrent Liabilities</i>		
<i>Portion Due Within One Year:</i>		
Obligations Under Capital Leases	2315	0.00
Liability for Compensated Absences	2330	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Other Long-Term Liabilities	2380	0.00
Due Within One Year		0.00
<i>Portion Due After One Year:</i>		
Obligations Under Capital Leases	2315	0.00
Liability for Compensated Absences	2330	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Other Long-Term Liabilities	2380	0.00
Due in More Than One Year		0.00
Total Long-Term Liabilities		0.00
<b>Total Liabilities</b>		<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00
Deferred Revenues	2630	0.00
Pension	2640	0.00
Other Postemployment Benefits	2650	0.00
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2770	0.00
Restricted for	2780	0.00
Unrestricted	2790	0.00
<b>Total Net Position</b>		<b>0.00</b>

The notes to financial statements are an integral part of this statement.  
ESE 145

**DISTRICT SCHOOL BOARD OF HAMILTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

**This page left intentionally blank**

	Account Number	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for Services	3481	0.00
Charges for Sales	3482	0.00
Premium Revenue	3484	0.00
Other Operating Revenues	3489	0.00
<b>Total Operating Revenues</b>		0.00
<b>OPERATING EXPENSES</b>		
Salaries	100	0.00
Employee Benefits	200	0.00
Purchased Services	300	0.00
Energy Services	400	0.00
Materials and Supplies	500	0.00
Capital Outlay	600	0.00
Other	700	0.00
Depreciation and Amortization Expense	780	0.00
<b>Total Operating Expenses</b>		0.00
<b>Operating Income (Loss)</b>		0.00
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	3430	0.00
Gifts, Grants and Bequests	3440	0.00
Other Miscellaneous Local Sources	3495	0.00
Loss Recoveries	3740	0.00
Gain on Disposition of Assets	3780	0.00
Interest	720	0.00
Miscellaneous	790	0.00
Loss on Disposition of Assets	810	0.00
<b>Total Nonoperating Revenues (Expenses)</b>		0.00
<b>Income (Loss) Before Operating Transfers</b>		0.00
Transfers In	3600	0.00
Transfers Out	9700	0.00
<b>SPECIAL ITEMS</b>		
		0.00
<b>EXTRAORDINARY ITEMS</b>		
		0.00
<b>Change In Net Position</b>		0.00
Net Position, July 1, 2015	2880	0.00
Adjustments to Net Position	2896	0.00
Net Position, June 30, 2016	2780	0.00

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

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	0.00
Receipts from interfund services provided	0.00
Payments to suppliers	0.00
Payments to employees	0.00
Payments for interfund services used	0.00
Other receipts (payments)	0.00
<b>Net cash provided (used) by operating activities</b>	0.00
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Subsidies from operating grants	0.00
Transfers from other funds	0.00
Transfers to other funds	0.00
<b>Net cash provided (used) by noncapital financing activities</b>	0.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	0.00
Capital contributions	0.00
Proceeds from disposition of capital assets	0.00
Acquisition and construction of capital assets	0.00
Principal paid on capital debt	0.00
Interest paid on capital debt	0.00
<b>Net cash provided (used) by capital and related financing activities</b>	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	0.00
Interest and dividends received	0.00
Purchase of investments	0.00
<b>Net cash provided (used) by investing activities</b>	0.00
<b>Net increase (decrease) in cash and cash equivalents</b>	0.00
Cash and cash equivalents - July 1, 2015	0.00
Cash and cash equivalents - June 30, 2016	0.00
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	0.00
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>	
Depreciation/Amortization expense	0.00
Commodities used from USDA program	0.00
<i>Change in assets and liabilities:</i>	
(Increase) decrease in accounts receivable	0.00
(Increase) decrease in interest receivable	0.00
(Increase) decrease in due from insurer	0.00
(Increase) decrease in deposits receivable	0.00
(Increase) decrease in due from other funds	0.00
(Increase) decrease in due from other agencies	0.00
(Increase) decrease in inventory	0.00
(Increase) decrease in prepaid items	0.00
(Increase) decrease in pension	0.00
Increase (decrease) in salaries and benefits payable	0.00
Increase (decrease) in payroll tax liabilities	0.00
Increase (decrease) in accounts payable	0.00
Increase (decrease) in cash overdraft	0.00
Increase (decrease) in judgments payable	0.00
Increase (decrease) in sales tax payable	0.00
Increase (decrease) in accrued interest payable	0.00
Increase (decrease) in deposits payable	0.00
Increase (decrease) in due to other funds	0.00
Increase (decrease) in due to other agencies	0.00
Increase (decrease) in unearned revenues	0.00
Increase (decrease) in pension	0.00
Increase (decrease) in other postemployment benefits	0.00
Increase (decrease) in estimated unpaid claims - Self-Insurance Prog.	0.00
Increase (decrease) in estimated liability for claims adjustment	0.00
<b>Total adjustments</b>	0.00
<b>Net cash provided (used) by operating activities</b>	0.00
<b>Noncash investing, capital and financing activities:</b>	
Borrowing under capital lease	0.00
Contributions of capital assets	0.00
Purchase of equipment on account	0.00
Capital asset trade-ins	0.00
Net Increase/(Decrease) in the fair value of investments	0.00
Commodities received through USDA program	0.00

The notes to financial statements are an integral part of this statement.  
ESE 145

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
June 30, 2016

	Account Number	Total Agency Funds 89X
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	146,963.87
Investments	1160	0.00
Accounts Receivable, Net	1131	0.00
Pension Contributions Receivable	1132	
Interest Receivable on Investments	1170	0.00
Due From Budgetary Funds	1141	0.00
Due From Other Agencies	1220	0.00
Inventory	1150	0.00
<b>Total Assets</b>		146,963.87
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	
Pension	1940	
Other Postemployment Benefits	1950	
<b>Total Deferred Outflows of Resources</b>		
<b>LIABILITIES</b>		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	0.00
Accounts Payable	2120	5,783.15
Internal Accounts Payable	2290	141,180.72
Due to Other Agencies	2230	
Due to Budgetary Funds	2161	0.00
<b>Total Liabilities</b>		146,963.87
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	
Pension	2640	
Other Postemployment Benefits	2650	
<b>Total Deferred Inflows of Resources</b>		
<b>NET POSITION</b>		
Held in Trust for Pension Benefits	2785	
Held in Trust for Other Purposes	2785	
<b>Total Net Position</b>		

The notes to financial statements are an integral part of this statement.  
ESE 145

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

	Account Number	Total Investment Trust Funds 84X	Total Private-Purpose Trust Funds 85X	Total Pension Trust Funds 87X
<b>ADDITIONS</b>				
<i>Contributions:</i>				
Employer		0.00	0.00	0.00
Plan Members		0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00
<i>Investment Income:</i>				
Interest on Investments	3431	0.00	0.00	0.00
Gain on Sale of Investments	3432	0.00	0.00	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	0.00	0.00	0.00
Total Investment Income		0.00	0.00	0.00
Less Investment Expense		0.00	0.00	0.00
Net Investment Income		0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00
<b>DEDUCTIONS</b>				
Salaries	100	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00
Other	700	0.00	0.00	0.00
Refunds of Contributions		0.00	0.00	0.00
Administrative Expenses		0.00	0.00	0.00
<b>Total Deductions</b>		0.00	0.00	0.00
<b>Change In Net Position</b>		0.00	0.00	0.00
Net Position Held In Trust, July 1, 2015	2885	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2016	2785	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
ESE 145

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
COMBINING STATEMENT OF NET POSITION  
MAJOR AND NONMAJOR COMPONENT UNITS  
June 30, 2016

This page left intentionally blank

	Account Number	Total Component Units
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	0.00
Investments	1160	0.00
Taxes Receivable, Net	1120	0.00
Accounts Receivable, Net	1131	0.00
Interest Receivable on Investments	1170	0.00
Due From Other Agencies	1220	0.00
Due From Insurer	1180	0.00
Deposits Receivable	1210	0.00
Internal Balances		0.00
Cash with Fiscal/Service Agents	1114	0.00
Section 1011.13, F.S. Loan Proceeds	1420	0.00
Inventory	1150	0.00
Prepaid Items	1230	0.00
Long-Term Investments	1460	0.00
Prepaid Insurance Costs	1430	0.00
Other Postemployment Benefits Asset	1410	0.00
Pension Asset	1415	0.00
<i>Capital Assets:</i>		
<b>Total Assets</b>		0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00
Net Carrying Amount of Debt Refunding	1920	0.00
Pension	1940	0.00
Other Postemployment Benefits	1950	0.00
<b>Total Deferred Outflows of Resources</b>		0.00
<b>LIABILITIES</b>		
Accounts Payable	2120	0.00
Sales Tax Payable	2260	0.00
<i>Noncurrent Liabilities</i>		
<i>Portion Due Within One Year:</i>		
Notes Payable	2310	0.00
Obligations Under Capital Leases	2315	0.00
Bonds Payable	2320	0.00
Liability for Compensated Absences	2330	0.00
Lease-Purchase Agreements Payable	2340	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Estimated PECO Advance Payable	2370	0.00
Other Long-Term Liabilities	2380	0.00
Derivative Instrument	2390	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00
Due Within One Year		0.00
<i>Portion Due After One Year:</i>		
Notes Payable	2310	0.00
Obligations Under Capital Leases	2315	0.00
Bonds Payable	2320	0.00
Liability for Compensated Absences	2330	0.00
Lease-Purchase Agreements Payable	2340	0.00
Estimated Liability for Long-Term Claims	2350	0.00
Net Other Postemployment Benefits Obligation	2360	0.00
Net Pension Liability	2365	0.00
Estimated PECO Advance Payable	2370	0.00
Other Long-Term Liabilities	2380	0.00
Derivative Instrument	2390	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00
Due in More than One Year		0.00
<b>Total Long-Term Liabilities</b>		0.00
<b>Total Liabilities</b>		0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00
Deferred Revenues	2630	0.00
Pension	2640	0.00
Other Postemployment Benefits	2650	0.00
<b>Total Deferred Inflows of Resources</b>		0.00
<b>NET POSITION</b>		
Net Investment in Capital Assets	2770	0.00
<i>Restricted For:</i>		
Categorical Carryover Programs	2780	0.00
Food Service	2780	0.00
Debt Service	2780	0.00
Capital Projects	2780	0.00
Other Purposes	2780	0.00
Unrestricted	2790	0.00
<b>Total Net Position</b>		0.00

The notes to financial statements are an integral part of this statement.  
ESE 145



DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
MAJOR AND NONMAJOR COMPONENT UNITS  
Major Component Unit Name  
For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		0.00	0.00	0.00	0.00	0.00

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes  
Property Taxes, Levied for Debt Service  
Property Taxes, Levied for Capital Projects  
Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

Extraordinary Items

Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015

Adjustments to Net Position

Net Position, June 30, 2016

0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
 COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
 MAJOR AND NONMAJOR COMPONENT UNITS  
 Major Component Unit Name  
 For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		0.00	0.00	0.00	0.00	0.00

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

Extraordinary Items

Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015

Adjustments to Net Position

Net Position, June 30, 2016

0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00

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

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
 COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
 MAJOR AND NONMAJOR COMPONENT UNITS  
 TOTAL NONMAJOR COMPONENT UNITS  
 For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		0.00	0.00	0.00	0.00	0.00

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

Extraordinary Items

Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015

Adjustments to Net Position

Net Position, June 30, 2016

0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
MAJOR AND NONMAJOR COMPONENT UNITS  
TOTAL COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2016

This page left intentionally blank

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	0.00	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
Total Component Unit Activities		0.00	0.00	0.00	0.00	0.00

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes  
Property Taxes, Levied for Debt Service  
Property Taxes, Levied for Capital Projects  
Local Sales Taxes  
Grants and Contributions Not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Special Items  
Extraordinary Items  
Transfers

**Total General Revenues, Special Items, Extraordinary Items and Transfers**

**Change in Net Position**

Net Position, July 1, 2015  
Adjustments to Net Position  
Net Position, June 30, 2016

0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00

**EXHIBIT – D-1**  
**HAMILTON COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Hamilton County School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation and school food service departments are allocated to the student transportation services and school food service functions, while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

**B. Reporting Entity**

The Hamilton County District School Board has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. 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 Hamilton 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 legally separate 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 these criteria, no component units are included within the District's reporting entity.

**C. Basis of Presentation: Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The effects of inter-fund activity have been eliminated from the government-wide financial statements.

**D. Basis of Presentation: Fund Financial Statements**

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



Major individual governmental funds are reported as separate columns in the fund financial statements. The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – Other Fund – to account for certain Federal grant program resources.
- Capital Projects – Public Education Capital Outlay Funds – to account for the proceeds of Special Facilities Construction Account appropriations to be used to construct a new elementary school, and for the financial resources generated by the Public Education Capital Outlay and Debt Service Trust fund to be used for facilities maintenance.

Additionally, the District reports the following fiduciary fund type:

- Agency Funds – to account for resources of the school internal funds which are used to administer moneys collected at the several schools in connection with school, student athletic, class, and club activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at 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. Further, certain activity occurs during the 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.

#### E. Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at



the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The agency fund has no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

## **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### **1. Cash and Cash Equivalents**

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, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool.

Cash deposits are held by banks qualified as public depositories under Florida law. 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.

### **2. Investments**

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys and amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission (SEC) Rule 2a-7-like external investment pool that operates in conformity with the SEC's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. They 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.

Types and amounts of investments held at fiscal year-end are described in a subsequent note.

### **3. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased during the year, and are adjusted at year-end to reflect year-end physical inventories.

#### 4. 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 assets but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000.00. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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	40 years
Buildings and Fixed Equipment	50 years
Furniture, Fixtures and Equipment	3-15 years
Motor Vehicles	5-10 years
Audio Visual Materials and Computer Software	3-5 years
Property Under Lease Purchase	5-10 years

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

#### 5. 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. Investments are reported at fair value.

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

#### 6. 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 position.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

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

## **7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item(s) that qualifies for reporting in this category. The deferred charge is for pensions. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, Deferred Revenues and Pension, are reported only in the governmental funds balance sheet. The governmental funds report deferred revenues from one source: refunded debt and its reacquisition price. The second reported item is for Pension. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **8. Net Position Flow Assumptions**

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

## **9. Fund Balance Flow Assumptions**

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

## **10. 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, when reported, 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. The District reported no committed fund balances at June 30, 2016.

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 approval of the Annual Financial Report, assigned fund balance and has given the finance officer authority through

resolution to identify the components of fund balance other than the committed portion. 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.

In addition, the District has adopted Board Policy 7.01 – School Budget System which requires an adequate fund balance reserve to cover unforeseen events (including, but not limited to, revenue shortfalls and student enrollment under projects). The adopted annual operating fund budget shall include, if feasible, a fund balance reserve which is at least four percent (4%) of the recurring expenditure budget.

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues 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.

### **2. State Revenue Sources**

Significant revenues from State sources for current operations include 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 for a period of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The 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 balance of categorical educational program resources.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

### **3. 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 Hamilton County Property Appraiser, and property taxes are collected by the Hamilton County Tax Collector.

The School Board adopted the 2015 tax levy on September 14, 2015. 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 delinquent on April 1 of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Hamilton County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

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

#### **4. 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.

#### **5. Compensated Absences**

In the government-wide financial statements, compensated absences (i.e. paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

## **II. ACCOUNTING CHANGES**

**Governmental Accounting Standards Board Statement No. 68.** The District participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (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*, 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 beginning net position of the District was decreased by \$ due to the adoption of this Statement. The District's proportionate share of the net pension liabilities at July 1, 2015, totaled \$.

## **III. DETAILED NOTES ON ALL ACTIVITIES AND FUND**

### **A. Cash Deposits with Financial Institutions**

**Custodial Credit Risk-Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.



## B. Investments

As of June 30, 2016, the District had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
SBA:		
Florida PRIME (1)	58 Day Average	\$ 3,094.51
Debt Service Accounts	6 Months	2,479.86
<b>Total Investments</b>		<b>\$ 5,574.37</b>

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

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Florida PRIME had a weighted average day to maturity (WAM) of 58 days at June 30, 2016. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District does not have a formal investment policy that limits its investment choices.

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 interest rate risk and credit risk for this account.

The District's investment in Florida PRIME is rated AAAM by Standard & Poor's.



## C. Changes in Capital Assets

Changes in capital assets are presented in the table below.

	Balance 7-30-15	Additions	Deletions	Balance 6-30-16
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 566,197.38	\$ 136,121.10	\$ 2,196.00	\$ 700,122.48
Construction in Progress	-	1,164,413.34		1,164,413.34
Total Capital Assets Not Being Depreciated	566,197.38	1,300,534.44	2,196.00	1,864,535.82
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	2,398,150.06	37,795.82	-	2,435,945.88
Buildings and Fixed Equipment	33,077,445.65	80,000.00	-	33,157,445.65
Furniture, Fixtures, and Equipment	3,955,974.69	261,976.73	-	4,217,951.42
Motor Vehicles	3,730,989.17	220,061.00	141,332.00	3,809,718.17
Audio-Visual Materials	7,602.00			7,602.00
Computer Software	716,184.99	26,681.86	-	742,866.85
Lease-Purchased Equipment (Computer Ware)	115,768.81	139,458.67	-	255,227.48
Total Capital Assets Being Depreciated	44,002,115.37	765,974.08	141,332.00	44,626,757.45
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	811,902.71	41,114.85	-	853,017.56
Buildings and Fixed Equipment	8,469,745.33	696,681.62		9,166,426.95
Furniture, Fixtures, and Equipment	3,551,929.71	167,834.06		3,719,763.77
Motor Vehicles	2,480,295.35	254,130.28	141,332.00	2,593,093.63
Audio-Visual Materials and	7,602.00			7,602.00
Computer Software	711,134.93	4,591.80		715,726.73
Capital Lease Equipment	11,576.88	27,789.35		39,366.23
Total Accumulated Depreciation	16,044,186.91	1,192,141.96	141,332.00	17,094,996.87
Total Capital Assets Being Depreciated, Net	27,957,928.46	(426,167.88)	-	27,531,760.58
Governmental Activities Capital Assets, Net	\$ 28,524,125.84	\$ 874,366.56	\$ 2,196.00	\$ 29,396,296.40

The class of property under capital lease is presented in note

Depreciation expense was charged to functions as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
Transportation-function 7800	\$ 254,130.28
School Food Service - function 7600	5,702.97
Unallocated	932,308.71
Total Depreciation Expense - Governmental Activities	<u>\$ 1,192,141.96</u>

## **D. Retirement Plans**

### **1. Florida Retirement System (FRS) – Defined Benefit Pension Plans**

#### **General Information about the FRS**

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

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

The District's pension expense totaled \$433,532 for the fiscal year ended June 30, 2016.

#### **FRS Pension Plan**

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

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

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. Employees enrolled in 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 an FRS participating 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 5 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:

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

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 2015-1 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	7.26
FRS, Elected County Officers	3.00	42.27
DROP - Applicable to Members from All of the Above Classes	0.00	12.88
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

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

The District's contributions, including employee contributions, to the Plan totaled \$602,189 for the fiscal year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2016, the District reported a liability of \$3,405,514 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was .026365933 percent, which was a decrease of .000150 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$219,959. 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	\$	\$ 80,768
Change of assumptions	226,035	
Net difference between projected and actual earnings on FRS pension plan investments		2,012,696
Changes in proportion and differences between District FRS contributions and proportionate share of contributions		104,833
District FRS contributions subsequent to the measurement date	602,189	
<b>Total</b>	<b>\$ 828,224.00</b>	<b>\$ 2,198,297.00</b>

The deferred outflows of resources related to pensions, totaling \$602,189 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	(660,545)
2018	(660,545)
2019	(660,545)
2020	14,172
2021	4,269
Thereafter	4,269
	<u>\$ (1,958,925.0)</u>

**Actuarial Assumptions.** The total pension liability in the July 1, 2014, 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	7.65 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, 2014, 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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
<b>Total</b>	<b>100.00%</b>			
Assumed inflation - Mean		2.60%		2.00%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.65 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

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	\$ 2,960,349	\$ 3,405,514	\$ 3,850,679

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.



## **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 Florida Department of Management Services, Division of Retirement.

*Benefits Provided.* For the fiscal year ended June 30, 2016, 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, 2016, the contribution rate was 1.26 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 \$169,341 for the fiscal year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2016, the District reported a net pension liability of \$3,283,360 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 pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was .032194770 percent, which was an increase of .001187 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$213,573. 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	\$ 258,315	\$ -
Net difference between projected and actual earnings on HIS pension plan investments	1,777	
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions		238,682
District contributions subsequent to the measurement date	169,341	
<b>Total</b>	<u>\$ 429,433</u>	<u>\$ 238,682</u>

The deferred outflows of resources, totaling \$169,341, was related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ (28,912)
2018	(28,912)
2019	(28,912)
2020	(29,260)
2021	(35,115)
Thereafter	(35,115)
	<u>\$(186,226.00)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2014, 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	4.29 percent

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. )

Discount Rate. The discount rate used to measure the total pension liability was 4.29 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)

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 4.29 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 (3.29 percent) or 1 percentage-point higher (5.29 percent) than the current rate:

	<u>Decrease (3.29%)</u>	<u>Discount Rate (4.29%)</u>	<u>Increase (5.29%)</u>
District's proportionate share of the net pension liability	\$ 2,518,008	\$ 3,283,360	\$ 4,048,712

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.

## **2. FRS – Defined Contribution Pension Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited

benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 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. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$153,470 for the fiscal year ended June 30, 2016.

## **E. Other Postemployment Benefit Obligations**

**Plan Description.** The Other Postemployment Benefits Plan (OPEB) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan 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 OPEB Plan on average than those of active employees. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees pursuant to Board approval each year. Under this retirement incentive, retirees receive a \$50 per month rate subsidy until the retiree reaches age 65. Retirees are assumed 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 other entity.

**Funding Policy.** Plan contribution requirements of the District and OPEB Plan members are established and may be amended by the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2015-16 fiscal year, 34 retirees received other postemployment benefits. The District provided required contributions of \$135,449 toward the annual OPEB cost, net of retiree contributions totaling \$212,269, which represents 2.04 percent of covered payroll.

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

Description	Amount
Normal Cost (Service Cost for One Year)	\$ 35,370.00
Amortization of Unfunded Actuarial Accrued Liability	98,534.00
Interest on Normal Cost and Amortization	1,545.00
Annual Required Contribution	135,449.00
Interest on Net OPEB Obligation	3,115.00
Adjustment to Annual Required Contribution	(9,151.00)
Annual OPEB Cost (Expense)	129,413.00
Employer Contribution Toward the OPEB Cost	(135,449.00)
Decrease in Net OPEB Obligation	(6,036.00)
Net OPEB Obligation, Beginning of Year	88,989.00
Net OPEB Obligation, End of Year	\$ 82,953.00

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2016, and the two preceding fiscal years, were as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013-14	169,484	100%	94,643
2014-15	126,528	104%	88,989
2015-16	129,413	105%	82,953

**Funded Status and Funding Progress.** As of March 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,054,161, and the actuarial value of assets was \$0, resulting in an



unfunded actuarial liability of \$1,054,161 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$10,409,439 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10 percent.

Actuarial valuations of an ongoing OPEB 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 healthcare cost trends. Amounts determined regarding the funded status of the OPEB 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. The required schedule of funding progress, immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive OPEB 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 calculation.

The District's OPEB actuarial valuation as of March 1, 2015, used the projected unit credit cost method to estimate the unfunded actuarial liability as of June 30, 2015, and to estimate the District's 2014-15 and 2015-16 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.50 percent rate of return on invested assets. The actuarial assumptions also include a payroll growth rate of 3.0 percent per year, and an annual health care cost trend of 6.50 percent initially for the 2014-15 fiscal year, reduced gradually over 70 years to an ultimate rate of 4.60 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016, was 10.2927 years.

## E. Construction and Other 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 year are carried forward and the next fiscal year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2016:

Major Funds				
General	Special Revenue - Other	Capital Projects - Public Education Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
\$ 91,540.71	\$ 48,275.22	\$ 226,867.32	\$ 42,067.74	\$ 408,750.99

## G. 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 Hamilton County District School Board is a member of the North East Florida Educational Consortium (NEFEC) under which several school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and



machinery, and other coverage deemed necessary by the members of NEFEC. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. NEFEC is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for NEFEC is composed of superintendents of all participating districts. The Putnam County District School Board serves as fiscal agent for NEFEC.

Employee group health and hospitalization coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

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

## **H. Obligations Under Capital Lease**

The class and amount of property being acquired under capital lease is as follows:

Data Processing Equipment, IP Phone System and

Computer Equipment \$ 574,204.05

Future minimum lease payments and the present value of the minimum lease payments of June 30 are as follows:

Fiscal Year Ending June 30	Amount
2016-17	\$204,187.59
2017-18	161,164.66
Total Minimum Lease Payments	\$365,352.25

The stated interest rate is 0 percent.

## **I. Long-Term Liabilities**

### **1. Special Public Education Capital Outlay Advance Payable**

The liability at June 30, 2016, of \$1,215,135.75 represents the amount of the Public Education Capital Outlay Special Facilities allocation expected to be replaced by other District capital outlay sources that are committed under Section 1013.64, Florida Statutes, for funding specific construction needs. The liability is expected to be retired by the close of the 2017-18 fiscal year.

## 2. Bonds Payable

Bonds Payable at June 30, 2016, are as follows:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To:
State School Bonds:			
Series 2014B, Refunding	\$102,000	5.0	2020

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 State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

Annual Requirements to amortize all bonded debt outstanding as of June 30, 2016, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2017	\$ 48,920.00	\$ 44,000.00	\$ 4,920.00
2018	49,720.00	47,000.00	2,720.00
2019	5,370.00	5,000.00	370.00
2020	6,120.00	6,000.00	120.00
<b>Total</b>	<b>\$ 110,130.00</b>	<b>\$102,000.00</b>	<b>\$ 8,130.00</b>

## 3. Changes in Long-Term Liabilities

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

Description	Balance 7-1-15	Additions	Deductions	Balance 6-30-16	Due in One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Obligations Under Lease-Purchase	\$ 86,042.64	\$ 483,493.98	\$ 204,184.37	\$ 365,352.25	\$ 204,187.59
Bonds Payable	143,000.00		41,000.00	102,000.00	\$ 44,000.00
Postemployment Healthcare Benefits Payable	88,989.00	129,413.00	135,449.00	82,953.00	
Net Pension Liability	4,517,143.00	2,171,731.00		6,688,874.00	
Compensated Absences Payable	1,031,488.08	93,922.37	84,052.52	1,041,357.93	58,500.00
<b>Total Governmental Activities</b>	<b>\$ 5,866,662.72</b>	<b>\$ 2,878,560.35</b>	<b>\$ 464,685.89</b>	<b>\$ 8,280,537.18</b>	<b>\$ 306,687.59</b>

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund. Due to the nature of the liability there is no amount of other postemployment benefits due in one year.

## J. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in the **Fund Balance Policies** note disclosure, fund balances may be classified as follows:

- **Nonspendable Fund Balance.** Nonspendable fund balance is 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.
- **Restricted Fund Balance.** Restricted fund balance is 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.
- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been restricted, committed, or assigned for specific purposes.

## K. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major Funds:		
General Fund	\$ 143,840.19	
Federal Programs		
Other Federal Programs		143,840.19
	<u>\$ 143,840.19</u>	<u>\$ 143,840.19</u>

The interfund receivables and payables represent temporary loans to cover anticipated deficit cash balances in pooled accounts and to cover expenditures incurred. These amounts are expected to be repaid within one year.

## L. Revenues and Expenditures/Expenses

### 1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2015-2016 fiscal year:

Source	Amount
Florida Education Finance Program	\$6,530,575.00
Categorical Educational Programs -Class Size Reduction	1,769,444.00
Gross Receipts Tax (Public Education Capital Outlay)	968,025.25
Pari-mutual Funds	223,250.00
Voluntary Prekindergarten Program	101,011.68
Workforce Development Program	70,581.00
School Recognition funds	35,557.00
State Forest Funds	31,082.96
Food Service Supplement	29,747.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	75,137.85
Mobile Home tax	7,787.47
Miscellaneous	58,502.36
<b>Total</b>	<b>\$9,900,701.57</b>

Accounting policies relating to certain State revenue sources are described in note I.G.2

### 2. Property Taxes

The following is a summary of millages and taxes levied on the 2015 tax roll for the 2015-16 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<b><u>GENERAL FUND</u></b>		
Nonvoted School Tax:		
Required Local Effort	4.8590	\$ 3,528,266.00
Basic Discretionary Local Effort	0.7480	543,146.00
Voted School Tax		
Critical Operating Needs	0.2500	181,533.00
<b><u>CAPITAL PROJECTS FUNDS</u></b>		
Nonvoted Tax:		
Local Capital Improvements	1.5000	1,089,195.00
<b>Total</b>	<b>7.3570</b>	<b>\$ 5,342,140.00</b>

## M. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 150,103.47	
Capital Projects:		
Public Education Capital Outlay	\$ 574,083.51	\$ 14,707.00
Non-Major Funds		
Capital Projects:		
Capital Outlay & Debt Service		27,027.84
Local Capital Improvement		682,452.14
Total	\$ 724,186.98	\$ 724,186.98

Interfund transfers were to move restricted capital outlay revenues to offset eligible expenditures made in the General Fund and to move District required capital outlay funding for the Special Facilities Construction Appropriation funding.

## I. SUBSEQUENT EVENTS

On July 11, 2016, the Board entered into a Construction Management Contract to build the New K-6 Hamilton Elementary School, in the amount of \$19,652,483. The funding for the new elementary school has been legislatively appropriated through Special Facilities Construction Account. Fiscal Year 2015-16 was the first year of a 3-year appropriation funding stream in the amount of \$22,425,842.

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
June 30, 2016

FY	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
2008/09	03/01/2009	-	\$ 1,937,109	\$ 1,937,109	0%	\$ 6,793,522	28.5%
2014/15	03/01/2015	-	1,054,161	1,054,161	0%	\$ 10,089,373	10.4%
2015/16	03/01/2015	-	1,054,161	1,054,161	0%	\$ 10,409,439	10.1%

Note: (1) The District's OPEB actuarial valuation used the projected unit credit cost method to estimate the actuarial accrued liability

Schedule of the District's Proportionate Share  
of the Net Pension Liability -  
Florida Retirement System Pension Plan (1)

	2015	2014	2013
District's proportion of FRS net pension liability (asset)	0.0263659330%	0.0265159800%	0.0272406100%
District's proportionate share of FRS net pension liability (asset)	\$3,405,514.00	\$1,617,865.00	\$4,689,321.00
District's covered-employee payroll	\$8,346,604	\$7,951,613	\$9,088,529.26
District's proportionate share of the FRS net pension liability (asset) as a percentage of its covered-employee payroll	40.80%	20.30%	52%
FRS Plan fiduciary net position as a percentage of the total pension liability	96.09%	96.09%	88.54%

Note: (1) The amounts presented for each fiscal year were determined as of June 30

Schedule of the District Contributions -  
Florida Retirement System Pension Plan (1)

	2016	2015	2014
Contractually required FRS contribution	\$602,189.00	\$642,824.00	\$580,812.00
FRS contributions in relation to the contractually required contribution	602,189.00	642,824.00	580,812.00
District's covered-employee payroll	\$8,346,604	\$8,346,604	\$7,951,613
FRS contributions as a percentage of covered-employee payroll	7.70%	7.70%	7.30%

Note: (1) The amounts presented for each fiscal year were determined as of June 30

Schedule of the District's Proportionate Share  
of the Net Pension Liability -  
Health Insurance Subsidy Pension Plan

	2015	2014	2013
District's proportion of HIS net pension liability (asset)	0.032194770%	0.031007510%	0.034803420%
District's proportionate share of HIS net pension liability (asset)	\$3,283,360	\$2,899,278	\$3,030,095.00
District's covered-employee payroll	\$9,772,145	\$9,212,710	\$10,110,732.29
District's proportionate share of the HIS net pension liability (asset) as a percentage of its covered-employee payroll	33.60%	31.47%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.99%	1.78%

Note: (1) The amounts presented for each fiscal year were determined as of June 30

Schedule of the District Contributions -  
Health Insurance Subsidy Pension Plan (1)

	2016	2015	2014
Contractually required HIS contribution	\$213,573.00	\$123,068.00	\$106,221.00
HIS contributions in relation to the contractually required contribution	213,573.00	123,068.00	106,221.00
District's covered-employee payroll	\$9,772,145	\$9,772,145	\$9,212,710
HIS contributions as a percentage of covered-employee payroll	1.26%	1.26%	1.15%

Note: (1) The amounts presented for each fiscal year were determined as of June 30



DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**1. Budgetary Basis of Accounting**

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

**2. Schedule of Funding Progress – Other Postemployment Benefits Plan**

- The March 1, 2015, the Actuarial Accrued Liability (AAL) Projected Unit Credit and the Unfunded Actuarial Accrued Liability (UAAL) are the same amount of \$1,054,161.

**3. Schedule of Net Pension Liability and Schedule of Contributions-Florida Retirement System Pension Plan**

**4. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan**

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2016

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100	50,000.00	17,423.09	17,423.09	
Federal Through State and Local	3200	150,000.00	712,914.99	712,914.99	0.00
State Sources	3300	8,779,565.00	8,822,120.47	8,822,120.47	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423				
Other Local Revenue		4,252,943.00	4,345,543.59	4,345,543.59	0.00
Total Local Sources	3400	158,000.00	409,992.24	409,992.24	0.00
<b>Total Revenues</b>		4,410,943.00	4,755,535.83	4,755,535.83	0.00
<b>EXPENDITURES</b>		13,390,508.00	14,307,994.38	14,307,994.38	0.00
<i>Current:</i>					
Instruction	5000	6,311,697.74	6,892,714.89	6,892,714.89	0.00
Student Support Services	6100	414,570.50	428,276.69	428,276.69	0.00
Instructional Media Services	6200	195,112.24	186,545.19	186,545.19	0.00
Instruction and Curriculum Development Services	6300	280,390.01	160,941.11	160,941.11	0.00
Instructional Staff Training Services	6400	417,009.59	575,614.40	575,614.40	0.00
Instruction-Related Technology	6500	478,528.89	370,305.25	370,305.25	0.00
Board	7100	408,834.10	394,186.26	394,186.26	0.00
General Administration	7200	272,021.42	271,194.02	271,194.02	0.00
School Administration	7300	842,197.88	867,146.90	867,146.90	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	293,900.94	323,517.82	323,517.82	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	164,492.49	187,974.41	187,974.41	0.00
Student Transportation Services	7800	1,214,526.93	1,363,733.14	1,363,733.14	0.00
Operation of Plant	7900	1,693,938.50	1,635,629.09	1,635,629.09	0.00
Maintenance of Plant	8100	550,422.74	768,762.58	768,762.58	0.00
Administrative Technology Services	8200	250,616.20	177,939.96	177,939.96	0.00
Community Services	9100		72,526.31	72,526.31	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710		43,019.71	43,019.71	0.00
Interest	720		0.00	0.00	0.00
Due and Fees	730		0.00	0.00	0.00
Miscellaneous	790		0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420		0.00	0.00	0.00
Other Capital Outlay	9300		83,432.78	83,432.78	0.00
<b>Total Expenditures</b>		13,788,260.17	14,803,460.51	14,803,460.51	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(397,752.17)	(495,466.13)	(495,466.13)	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	3730		0.00	0.00	0.00
Loss Recoveries	3740		18,528.30	18,528.30	0.00
Transfers In	3600	150,103.47	150,103.47	150,103.47	0.00
Transfers Out	9700		0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		150,103.47	168,631.77	168,631.77	0.00
<b>Net Change in Fund Balances</b>		(247,648.70)	(326,834.36)	(326,834.36)	0.00
Fund Balances, July 1, 2015	2800	259,193.20	1,338,964.73	1,338,964.73	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2016	2700	11,544.50	1,012,130.37	1,012,130.37	(0.00)

DISTRICT SCHOOL BOARD OF HAMILTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MAJOR SPECIAL REVENUE FUNDS - OTHER FEDERAL PROGRAMS  
For the Fiscal Year Ended June 30, 2016

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Through State and Local	3200		2,314,173.69	2,314,173.69	0.00
<b>Total Revenues</b>		0.00	2,314,173.69	2,314,173.69	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000		866,592.96	866,592.96	0.00
Student Support Services	6100		225,911.38	225,911.38	0.00
Instructional Media Services	6200		0.00	0.00	0.00
Instruction and Curriculum Development Services	6300		389,980.41	389,980.41	0.00
Instructional Staff Training Services	6400		675,995.22	675,995.22	0.00
Instruction-Related Technology	6500		0.00	0.00	0.00
Board	7100		0.00	0.00	0.00
General Administration	7200		137,715.19	137,715.19	0.00
School Administration	7300		400.33	400.33	0.00
Facilities Acquisition and Construction	7410		0.00	0.00	0.00
Fiscal Services	7500		0.00	0.00	0.00
Food Services	7600		0.00	0.00	0.00
Central Services	7700		11,539.50	11,539.50	0.00
Student Transportation Services	7800		1,717.04	1,717.04	0.00
Operation of Plant	7900		4,321.66	4,321.66	0.00
Maintenance of Plant	8100		0.00	0.00	0.00
Administrative Technology Services	8200		0.00	0.00	0.00
Community Services	9100		0.00	0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710		0.00	0.00	0.00
Interest	720		0.00	0.00	0.00
Dues and Fees	730		0.00	0.00	0.00
Miscellaneous	790		0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420		0.00	0.00	0.00
Other Capital Outlay	9300		0.00	0.00	0.00
<b>Total Expenditures</b>		0.00	2,314,173.69	2,314,173.69	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2015	2800		0.00	0.00	0.00
Adjustments to Fund Balances	2891		0.00	0.00	0.00
Fund Balances, June 30, 2016	2700	0.00	0.00	0.00	0.00

## **Categorical Flexible Spending Resolution**

RESOLUTION OF THE SCHOOL BOARD OF HAMILTON COUNTY, FLORIDA, PURSUANT TO SECTION 1011.62(6)(b), FLORIDA STATUTES, PROVIDING THE DISTRICT SCHOOL BOARD THE AUTHORITY TO EXERCISE FLEXIBILITY TO EXPEND FUNDS ALLOCATED TO THE SCHOOL DISTRICT FROM THE FUNDS RECEIVED FOR STUDENT TRANSPORTATION, SAFE SCHOOLS, SUPPLEMENTAL ACADEMIC INSTRUCTION, RESEARCH-BASED READING INSTRUCTION AND INSTRUCTIONAL MATERIALS. THESE FUNDS ARE URGENTLY NEEDED TO MAINTAIN ACADEMIC CLASSROOM INSTRUCTION AS SPECIFIED BY THE SCHOOL BOARD.

**WHEREAS**, section 1011.62(6)(b), Florida Statutes, provides flexibility to expend selected categorical funds and approve an amendment to the school district's 2015-16 operating budget; and

**WHEREAS**, the School Board of **Hamilton** County has approved necessary budget amendments to balance the 2015-16 budget; and

**WHEREAS**, the school board finds and declares that the funds received from the above-referenced specific state appropriations are urgently needed to maintain board-specified academic classroom instruction.

**NOW THEREFORE**, be it resolved as follows:

1. The school board hereby approves using student transportation funds in the amount of \$\_\_\_\_\_0\_\_\_\_\_.
2. The school board hereby approves using safe school funds in the amount of \$\_\_\_\_\_0\_\_\_\_\_.
3. The school board hereby approves using supplemental academic instruction funds in the amount of \$274,432.84 and certifies that the required additional hours of instruction have been provided for students in designated low-performing elementary schools (if applicable).
4. The school board hereby approves using research-based reading instruction funds in the amount of \$\_\_\_\_\_0\_\_\_\_\_ and certifies that the required additional hours of instruction have been provided for students in designated low-performing elementary schools (if applicable). An amendment describing the changes that the district is making to its reading plan will be submitted to the Florida Department of Education.
5. The school board hereby approves using instructional materials funds in the amount of \$58,674.89 and certifies that all instructional material purchases necessary to provide updated materials that are aligned with applicable state standards and course descriptions and that meet statutory requirements of content and learning have been completed for the fiscal year.

**Total amount of Categorical Flexibility Funds: \$333,107.73.**

STATE OF FLORIDA  
COUNTY OF HAMILTON

I, Thomas P. Moffses, Jr., superintendent of schools and ex-officio secretary of the District School Board of Hamilton County, Florida, do hereby certify that the above is a true and complete copy of a resolution passed and adopted by the District School Board of Hamilton County, Florida, September 12, 2016.

---

Signature of Superintendent of Schools

---

Date of Signature