

**SCHOOL DISTRICT OF PINELLAS COUNTY, FLORIDA
LARGO, FLORIDA**

BOARD MEMBERS

Peggy L. O'Shea, Chairperson
Terry Krassner, Vice Chairperson
Janet R. Clark
Carol J. Cook
Rene Flowers
Linda S. Lerner
Dr. Ken Peluso

DISTRICT OFFICIALS

Michael A. Grego, Ed.D., Superintendent of Schools
William P. Corbett, Ed.D., Deputy Superintendent, Chief of Staff
Kevin W. Smith, CPA, Associate Superintendent, Finance and Business Services
Andrew Jacobsen, Manager, Cash & Investments

GENERAL COUNSEL TO THE SCHOOL BOARD

David Koperski, Esq.
Largo, Florida

NOTE COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

FINANCIAL ADVISOR

Ford & Associates, Inc.
Tampa, Florida

This Official Statement does not constitute an offer to sell the Notes in any state or other jurisdiction to any person to whom it is unlawful to make such offer in such state or jurisdiction. No dealer, salesman or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Notes, and if given or made, such information or representation must not be relied upon.

The information set forth herein has been furnished by the District, and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District or anyone acting on its behalf with respect to the information provided by other sources. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, except as stated herein, create any implication that there has been no change in the affairs of the District since the date hereof.

The Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon exemptions contained in the Securities Act, will not be listed on any stock or securities exchange and neither the Securities and Exchange Commission nor any other Federal, state, municipal or other governmental entity, other than the School Board, has passed upon the accuracy or adequacy of this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.I-DEALPROSPECTUS.COM AND WWW.EMMA.MSRB.ORG. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

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APPENDICES

APPENDIX A	General Information Regarding Pinellas County, Florida.
APPENDIX B	Excerpted Pages from the Audited Financial Statements of the School District of Pinellas County, Florida for the Fiscal Year Ended June 30, 2015.
APPENDIX C	Excerpted Pages from the Superintendent's Annual Financial Report (Unaudited) of the School District of Pinellas County, Florida for the Fiscal Year Ended June 30, 2016.
APPENDIX D	Copy of Resolution.
APPENDIX E	Form of Legal Opinion.
APPENDIX F	Form of Continuing Disclosure Certificate.

PRELIMINARY OFFICIAL STATEMENT

Relating to

\$90,000,000*

SCHOOL DISTRICT OF PINELLAS COUNTY, FLORIDA

Tax Anticipation Notes, Series 2016

INTRODUCTION

This Official Statement, including the cover page and the appendices, is provided by The School Board of Pinellas County, Florida (the "School Board" or "Board"), the governing body of the School District of Pinellas County, Florida (the "District"), a public body corporate and politic established and existing pursuant to Section 4, Article IX of the Florida Constitution and the laws of the State of Florida (the "State"), including, particularly, Chapter 1001, Florida Statutes, in connection with the issuance and sale of the District's \$90,000,000* Tax Anticipation Notes, Series 2016 (the "Notes"). The Notes are being issued pursuant to Section 1011.13, Florida Statutes, and a resolution adopted by the School Board on September 27, 2016 (the "Resolution"), in anticipation of the receipt by the District of certain revenues during the fiscal year which commenced July 1, 2016, and ends June 30, 2017 (the "2016/2017 Fiscal Year"). See "SECURITY FOR THE NOTES" herein. The issuance of the Notes is consistent and in accordance with the District's annual financial planning procedures. The proceeds of the Notes may only be used to pay operating expenditures incurred or accrued during the 2016/2017 Fiscal Year.

The District derives its revenues primarily from State educational funds and from ad valorem taxes levied by the District on taxable property located in Pinellas County, Florida (the "County") for the support of public schools. The Notes are special obligations of the District and are secured as to principal and interest by a pledge of the receipts from the ad valorem property taxes levied for the purpose of operations during the 2016/2017 Fiscal Year. If necessary, the Notes will additionally be payable from, but are not secured by, legally available funds of the District derived from sources other than ad valorem taxation. See "SECURITY FOR THE NOTES" herein.

Pursuant to the Resolution, the District covenants to deposit said ad valorem tax receipts in a note payment fund (the "Note Payment Fund") to be maintained and monitored by the District, no later than twenty-one (21) days prior to the Maturity Date of the Notes in an amount equal to the principal of and interest on the Notes due at maturity. See "SECURITY FOR THE NOTES" herein.

* Preliminary, subject to change.

The District has covenanted and agreed for the benefit of the holders of the Notes to provide notices of certain material events pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

This Official Statement contains information concerning the District, the School Board, their finances, the sources of payment of the Notes and certain provisions contained in the Notes and the Resolution. All references herein to the Resolution, other agreements, documents and laws are qualified in their entirety by reference to the Resolution and each such agreement, document or law, and all references to the Notes are further qualified by reference to the definitive form thereof and information with respect thereto contained in the Resolution. A copy of the Resolution is attached hereto as APPENDIX D. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution, unless the context clearly indicates a different meaning is intended.

DESCRIPTION OF THE NOTES

The Notes are authorized to be issued pursuant to the provisions of Chapter 1011.13, Florida Statutes, and the Resolution. The Notes will be dated the date of issuance of the Notes (currently expected to be October 27, 2016 comprised of twelve 30-day months) and will mature on June 30, 2017. Interest on the Notes (calculated on a 360-day year basis) will be payable at maturity; provided, that if the maturity date is not a business day, interest (and principal) will be paid on the next succeeding business day. Notwithstanding the foregoing, interest on the Notes will accrue to the maturity date. Both the principal of and interest on the Notes shall be payable upon presentation and surrender at the principal office of U.S. Bank National Association, Orlando, Florida, as Registrar and Paying Agent. The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The proceeds of the Notes will be used to pay operating expenses of the District prior to the receipt of budgeted revenues. Imbalances in the District's cash flow result from the timing of the receipt of ad valorem property taxes.

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities

registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note will be issued for the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes. DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as defaults, and proposed amendments to the legal documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, as Paying Agent, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, the School Board or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Notes are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Notes will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but takes no responsibility for the accuracy thereof.

SECURITY FOR THE NOTES

General

The Notes are special obligations of the District, payable from (a) receipts of ad valorem taxes (the "Tax Receipts") collected by the Pinellas County Tax Collector for the benefit of the District during the 2016/2017 Fiscal Year, but only to the extent such tax receipts are levied or legally available for payment of operating expenses of the District and (b) amounts on deposit in the Note Payment Fund (collectively, the "Pledged Revenues"). Pledged Revenues shall not include ad valorem taxes collected to pay the principal of and interest on obligations of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes. If necessary, the Notes are additionally payable from, but are not secured by, the Non-Ad Valorem Funds of the District (defined in the Resolution as all legally available funds of the District or the Board derived from sources other than ad valorem taxation).

NO OWNER OF ANY OF THE NOTES SHALL EVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE SCHOOL BOARD, THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OR TAXATION IN ANY FORM ON ANY PROPERTY THEREIN FOR PAYMENT THEREOF, OR BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE BOARD OR THE DISTRICT, EXCEPT FOR THE PLEDGED REVENUES AND ANY NON-AD VALOREM FUNDS DEPOSITED IN THE NOTE PAYMENT FUND.

The School Board may issue additional obligations (including additional installments of Notes) payable from and secured by a lien upon the Pledged Revenues on

a parity with the Notes, and may issue obligations having a first lien upon moneys of the District other than the Pledged Revenues and the moneys on deposit in the Note Payment Fund. The School Board covenants in the Resolution that it will not issue any (i) indebtedness of any kind payable from the Pledged Revenues which indebtedness is secured by a lien upon the Pledged Revenues superior to that of the Notes, (ii) obligations (other than additional installments of Notes) payable from or secured by a lien on the moneys on deposit in the Note Payment Fund, and (iii) additional obligations having an equal lien upon the Pledged Revenues if the issuance of such additional indebtedness would violate the provisions of Section 1011.13(1), Florida Statutes.

Note Payment Fund

In accordance with the terms of the Resolution, the District has established a fund designated the "Note Payment Fund." The District will make or cause to be made deposits of the Pledged Revenues and other revenues in the amounts and by the date provided in the Resolution, as summarized below, into the Note Payment Fund to ensure the timely payment of the principal of and interest on the Notes.

The Tax Receipts will be received periodically throughout the 2016/2017 Fiscal Year. Pursuant to the Resolution, the District has covenanted to deposit Tax Receipts into the Note Payment Fund in sufficient amounts so that no later than twenty-one (21) days prior to the Maturity Date of the Notes, or the first business day thereafter, the balance on deposit therein will equal the amount of principal and interest on the Notes at maturity.

If, on the twenty-first day preceding the Maturity Date of the Notes, or the first business day thereafter, and continuously thereafter, there is not on deposit in the Note Payment Fund an amount (including Permitted Investments and the income or earnings to be received thereon) equal to all principal of and interest on the Notes at maturity, the Board shall designate the Note Payment Fund as its depository for the receipt of Pledged Revenues and continue such designation until such time as the amount in the Note Payment Fund, together with the earnings to be received thereon, is equal to all principal of and interest on the Notes at maturity.

Moneys on deposit in the Note Payment Fund shall be held solely for the payment of the Notes. Pending disbursement upon the Maturity Date of the Notes, such moneys may be invested, pursuant to the Resolution, at the direction of the District in investments which are, under Florida law, legal for the investment of surplus funds of school districts. Earnings on investments held in the Note Payment Fund shall be retained and reinvested in the Note Payment Fund until the amount on deposit in the Note Payment Fund, together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law except as otherwise provided in the Resolution.

The proceeds of the Notes are not pledged as security for payment of principal of and interest on the Notes and will be expended by the District to pay the costs of issuance of the Notes and to pay operating expenditures created by the District in accordance with its operating budget for the 2016/2017 Fiscal Year. The holders of the Notes will have no responsibility for the use of the proceeds of the Notes, and the use of such proceeds by the District will in no way affect the rights of such Noteholders.

THE SCHOOL DISTRICT OF PINELLAS COUNTY, FLORIDA

The District is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes. The District is coterminous with Pinellas County, Florida (the "County"). For the 2016/2017 Fiscal Year, the District includes 130 schools, 101,907 F.T.E. students, and 13,610 budgeted full- and part-time positions, of which 7,212 are teachers. Management of the schools of the District is independent of County and municipal governments. The County collects taxes for the School Board, but exercises no control over expenditures by the School Board.

The Board

The Board is a body corporate existing under the laws of the State of Florida. The Board is the governing body of the District, consisting of seven members. Three Board members are elected at-large by the qualified voters of the entire District. Four Board members are elected from single-member districts by the voters who reside in such single-member district. Each of those members is required to reside within the single-member district from which he or she is elected. Under existing law, the Board's duties and powers include, but are not limited to, the development of policies and rules for the efficient operation of the District, the acquisition, maintenance and disposition of school property within the District; the development and adoption of a school program for the District; the establishment, organization and operation of schools, including vocational and evening schools and the establishment and operation of programs for gifted students and for students in residential care facilities; the appointment, compensation, promotion and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The Board also has broad financial responsibilities, including the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education.

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The present members of the Board, their respective offices and expiration of their respective terms are as follows:

Name/Office	Term Expires
Peggy L. O'Shea, Chairperson	November 2018
Terry Krassner, Vice Chairperson	November 2018
Janet R. Clark	November 2016
Carol J. Cook	November 2016
Rene Flowers	November 2018
Linda S. Lerner	November 2018
Dr. Ken Peluso	November 2016

Superintendent of Schools

The Superintendent of Schools is the chief executive officer and Secretary to the District. The Superintendent, who is appointed by the School Board, oversees operations of the school system, makes policy recommendations to the School Board, and performs the duties assigned to him by law and the regulations of the State of Florida Department of Education.

The Superintendent also prepares the annual budget for approval by the School Board, recommends the tax levy based upon needs illustrated by the budget, recommends debt issuance or borrowing plans of the School Board when necessary, provides recommendations for investment of available funds, and keeps records with respect to all funds and financial transactions of the School Board.

Administration

Dr. Michael A. Grego, Superintendent of Schools. Dr. Grego began as Superintendent of the District on September 26, 2012. Before joining the District, Dr. Grego held a job as an associate professor at the University of Central Florida. An educator with more than three decades of experience in public education, Dr. Grego spent five months as Florida's Interim Chancellor of K-12 Education in 2011. From 2008 to 2011, Dr. Grego served as superintendent of the School District of Osceola County, Florida where he oversaw dramatic academic improvements in the district. Dr. Grego began his career in Hillsborough County as a teacher in 1980. He climbed the ranks over his 28-year career in the district to become assistant superintendent for technical, career and adult education in 2000 and assistant superintendent of curriculum and instruction in 2002.

A New York native, Dr. Grego earned a Bachelor of Science degree in technology education from the State University of New York in Oswego. He holds two master's degrees in education, one in industrial technology education from Illinois State University and another in educational leadership from the University of South Florida.

He also holds a doctorate degree in educational leadership from the University of South Florida.

Dr. Grego has received numerous recognitions and awards, including two in recent years for his efforts to promote arts education. In 2010, the Florida Alliance for Arts Education recognized him with an annual Superintendent leadership award for his efforts to promote arts education, and the previous year, the Florida Music Educators Association named him Superintendent of the Year for his support of music education.

Kevin W. Smith, Associate Superintendent, Finance and Business Services. After having spent over 14 years in private industry in accounting and management positions, Mr. Smith joined the District in 1997. His first assignment was Supervisor of School Lunch and General Accounting. In 2003, he was appointed to the position of Director of Accounting, and in December of 2009, was appointed to the position of Assistant Superintendent of Budget & Resource Allocation where he was responsible for the oversight of the District's nearly \$1.4 billion dollar budget as well as the reporting of FTE enrollment information to the State. In July 2012, he was appointed to the position of Associate Superintendent of Finance and Business Services. In this position, he is responsible for the oversight of all financial operations of the District, including Budget and Resource Allocation, FTE reporting, Accounting, Cash Management, Auditing and Property Records, Payroll and Purchasing.

Mr. Smith earned his Bachelor of Arts Degree (with a Major in Accounting) from the University of South Florida and completed post-graduate work there to meet the fifth year educational requirement to sit for the Uniform Certified Public Accountant (CPA) examination. He is a licensed CPA in the State of Florida, a member of the American Institute of Certified Public Accountants, and a member of the Florida School Finance Officers' Association.

Andrew Jacobsen, Manager, Cash & Investments. Mr. Jacobsen received his Bachelor's degree from the University of Michigan and his Master's degree from the University of South Florida. He joined the District in 1993 as a Financial Reporting Analyst reporting to the Director of Cash Management. Upon the Director's retirement in 1996, he became the Manager, Cash & Investments, and is responsible for the School Board's banking and investments. Prior to joining the School Board, he spent six years in the Tampa Bay banking community in various treasury functions.

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Statistical Data

The following table presents a summary of general statistical data regarding the District.

School District of Pinellas County, Florida Summary of Statistical Data Seven-Year History

School Year	Number of Schools	Number of Classroom Instruction Personnel	Average F.T.E. ⁽¹⁾ Enrollment	Expenditure per F.T.E. Student
2016/2017 ⁽²⁾	130	7,212	101,907	\$8,360
2015/2016 ⁽³⁾	129	7,026	101,864	8,235
2014/2015	129	7,070	101,988	8,014
2013/2014	125	7,320	102,295	7,966
2012/2013	126	7,396	102,764	7,549
2011/2012	126	7,188	101,425	7,625
2010/2011	126	7,404	103,142	8,169

(1) Full-time Equivalent.

(2) Budgeted.

(3) Unaudited.

Source: School District of Pinellas County, Florida.

Employee Relations

The Board currently employs approximately 13,610 full- and part-time employees. Approximately, seventy-three percent of those are represented by either the Pinellas Classroom Teachers Association, Inc. or "PCTA" (instructional employees) or the Pinellas Educational Support Professionals Association-FEA, or "PESPA" (non-instructional clerical support employees). Other collective bargaining units include the Service Employees International Union/Florida Public Services Union, or "SEIU/FPSU" (non-instructional, non-clerical support employees) and the Sun Coast Police Benevolent Association, Inc., or "SCPBA" (law enforcement employees). The Board believes that the employee relations among all segments of the educational community have always been professional and conducive to resolving problems internally in the best interest of the District. The Board is currently a party to separate three-year contracts with PCTA, PESPA, and PBA, with each contract expiring on June 30, 2018. Notwithstanding the three-year contract format, the District historically negotiates annually with each association regarding wage increases and other provisions raised by either party, the latter of which are traditionally non-substantive provisions that do not affect the fiscal condition of the Board. The Board and SEIU/FPSU are currently parties to a status quo

contract, but are currently negotiating toward a three-year contract, including wage increases for the 2016/2017 school year.

Retirement and Other Post-Employment Benefits

Florida Retirement System. The District participates in the Florida Retirement System ("FRS"), a cost sharing, multiple-employer, public employee retirement system, which covers substantially all regular employees of the District. Beginning in 2002, the FRS became one system with two primary plans, a defined benefit pension plan (the "FRS Pension Plan") and a defined contribution plan known as the Public Employee Optional Retirement Program (the "FRS Investment Plan"). FRS membership is required for all employees filling a regularly established position in a State agency, district school board, county, State university or State community college. Some municipalities, special districts, charter schools and metropolitan planning organizations also choose to participate in the FRS; however, participation is generally irrevocable after the entity elects to participate.

The information relating to the FRS contained herein has been obtained from the FRS Annual Reports which are available by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by phoning (850) 488-5706. No representation is made by the Board as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

There are five general classes of membership in the FRS: (1) Senior Management Service Class ("SMSC") members which include, among others, senior management level positions in State and local governments (including school districts) and assistant state attorneys, prosecutors and public defenders; (2) Special Risk Class which includes, among others, positions such as law enforcement officers, firefighters, correctional officers, emergency medical technicians and paramedics; (3) Special Risk Administrative Support Class which include, among others, non-special risk law enforcement, firefighting, emergency medical care or correctional administrative support positions within a FRS special risk-employing agency; (4) Elected Officers' Class ("EOC") which includes members who are elected State and city officers and the elected officers of cities and special districts that choose to place their officials in this class; and (5) Regular Class members includes members that do not qualify for membership in the other classes.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans. The Department of Management Services, Division of Retirement administers the FRS Pension Plan and the Florida State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Administration costs of the FRS Pension Plan are funded through investment earnings of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of

accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The SBA administers the FRS Investment Plan, a defined contribution plan available to eligible FRS members as an alternative to the FRS Pension Plan. Retirement benefits are based upon the value of the member's account upon retirement. Regardless of membership class, FRS Investment Plan contributions vest after one year of service. A member vests immediately in all employee contributions paid to the FRS Investment Plan. If a member elects to transfer amounts from the FRS Pension Plan to that member's FRS Investment Plan account, the member must meet the six-year vesting requirement for any such transferred funds and associated earnings. The FRS Investment Plan is funded by employer contributions that are based on salary. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Administration costs of the FRS Investment Plan are funded through a 0.03% employer contribution and forfeited benefits. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. 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 FRS Investment Plan and rely upon that account balance for retirement income.

Since July 1, 2001, the FRS Pension Plan has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the various plan requirements applicable to each class of membership. Regardless of class, a member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year prior to normal retirement age.

Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member was 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% per year. If the member was 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Effective July 1, 2011, all members of FRS were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class and subclass of the FRS.

Additional legislative changes that only apply to employees who initially enroll on or after July 1, 2011, include: (1) the average final compensation upon which retirement benefits are calculated are based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement; (2) the DROP (as defined herein) is maintained but the interest accrual rate is reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2015, the FRS Trust Fund projected \$3,119,220,775 in accumulated benefits and interest for 34,829 current and prior participants in the DROP.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. Beginning July 1, 2002, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Beginning July 1, 2014, the contribution rate was 1.26% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions

are deposited in a separate trust fund from which HIS payments are authorized. HIS 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, the legislature may reduce or cancel HIS payments.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Florida Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years and any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. As of June 30, 2015, the balance of legally required reserves for all defined benefit pension plans was \$148,454,681,903. Such funds are reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions to the FRS Pension Plan and FRS Investment Plan for the Fiscal Year ended June 30, 2016, totaled \$35,519,162 (unaudited), which was equal to the required contribution for such Fiscal Year. This excludes the HIS Program contribution. The District's contributions to the HIS Plan for the Fiscal Year ended June 30, 2016, totaled \$8,381,245 (unaudited).

As a participating employer in the Florida Retirement System, the District implemented Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27) and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment to GASB Statement No. 68), effective for fiscal years beginning after June 15, 2014. The implementation of these Statements requires the District to record a liability for its proportionate share of the net pension liabilities of the Florida Retirement System plans.

The scope of GASB Statements Nos. 68 and 71 address accounting and financial reporting for pensions that are provided to employees of state and local governmental employers that meet certain characteristics. These Statements establish standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expense/expenditures. For defined benefit pensions such as the Florida Retirement System plans, GASB Statements Nos. 68 and 71 identify methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Pursuant to these Statements, the District is required to record a liability for its proportionate share of pension liabilities as reported by the Florida Retirement System

plans. While these Statements require recognition and disclosure of the unfunded pension liability, there is no requirement that such liability be funded. Accordingly, a deficit in unrestricted net position should not be considered, solely, as evidence of financial difficulties. The adoption of GASB Statements Nos. 68 and 71 resulted in a material increase in the District's liabilities and a material decrease in the District's net position. The District's proportionate share of the net pension liabilities of the FRS Pension Plan and HIS Plan totaled \$262.9 million at June 30, 2015. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined an actuarial valuation as of July 1, 2014. The District's proportionate share was calculated using accrued retirement contributions for employees that were members of the FRS Pension Plan and HIS Plan during fiscal years 2012-2013 and 2013/2014. The aggregate employer contribution amounts for the year ended June 30, 2013 agree to the employer contribution amounts reported in the State of Florida Comprehensive Annual Financial Report (CAFR). The aggregate employer contribution amounts for the fiscal year ended June 30, 2014 agree to the employer contribution amounts reported in the FRS CAFR. The fiscal year ended June 30, 2014 was the first year the FRS issued a separate CAFR. See APPENDIX B hereto, including Management's Discussion and Analysis, Note 14 to the Basic Financial Statements and Required Supplementary Information, and APPENDIX C hereto, including Management's Discussion and Analysis, Note 14 to the Basic Financial Statements and Required Supplementary Information, for additional information relating to the District's implementation of GASB Statements Nos. 68 and 71.

Other Post Employment Benefit Program. In addition to its contributions under the State's retirement plan described above, the District provides other postemployment benefits ("OPEB") of its retired employees in the form of an implicit rate subsidy, by providing access to health insurance plans requiring the use of a single "blended" or "common" rate for both active and retired employees. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

As with all governmental entities of similar size providing similar plans, the District implemented Governmental Accounting Standards Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefit Plans other than Pension Plans ("GASB 45") during its Fiscal Year ended June 30, 2008. The District had historically accounted for its OPEB contributions on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities to OPEB and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded.

The District's actuarial accrued liability related to OPEB, which approximates the present value of all future expected postretirement life and medical premiums and

administrative costs which are attributable to the past service of those retired and active employees, at \$54.7 million as of June 30, 2015. The calculation of the accrued actuarial liability is, by definition and necessity, based upon a number of assumptions, including interest rates on investments, average retirement age, life expectancy, healthcare costs per employee and insurance premiums, many of which factors are subject to future economic and demographic variations. The District's net, end-of-year OPEB obligation was approximately \$17.3 million as of June 30, 2015, which takes into account the District's \$2.8 million contribution toward its OPEB liability during Fiscal Year 2014-2015.

While the District does not know at this time what its ultimate OPEB liabilities will be in connection with GASB 45 compliance in the future or how much of the related ARC's it will need to budget in future years, it expects its OPEB liability to be significant, but manageable within its normal budgeting process. Information regarding the District's OPEB obligations is included in Note 18 to the audited financial statements for the Fiscal Year ended June 30, 2015 attached as Appendix B hereto and Note 18 to the annual financial report (unaudited) for the Fiscal Year ended June 30, 2016 attached as Appendix C hereto.

Indebtedness

The following table summarizes the District's long-term debt outstanding as of June 30, 2016.

Principal and interest on State Board of Education Bonds are secured by and payable from the State motor vehicle license taxes distributable to the District under State law. The responsibility for principal and interest payments, investment of funds, and reserve requirements for State Board of Education Bonds is administered by the State Board of Education and the State Board of Administration.

Principal and interest payments on General Obligation Bonds, if any, issued by the Board are secured by ad valorem taxes levied by the Board as authorized by the electorate. Payments on the Revenue Bonds, if any, are secured by certain sales tax proceeds distributable to the Board under the provisions of Chapter 212, Florida Statutes.

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School District of Pinellas, Florida
Long-Term Debt by Issue
As of June 30, 2016*

	Original Principal Amount	Interest Rate (%)	Issue Date	Final Maturity	Principal Outstanding as of 6/30/16
<u>State Board of Education Bonds⁽¹⁾</u>					
Series 2010-A	\$ 165,000	5.00	10/14/10	2021	\$ 75,000
Series 2005-B	30,045,000	4.625-6.0	02/01/05	2020	10,559,000
<u>Direct Revenue Bonds</u>					
None					
<u>District General Obligation Bonds</u>					
None					
Less Sinking Funds as of June 30, 2016					-
Net District Debt (General Obligation Bonds less Sinking Funds)					-
Net Combined Long-Term Debt (Total Bonded Debt less Sinking Funds)					\$ 10,634,000

*Unaudited.

(1) Bonds are issued by the State Board of Education on behalf of the District 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 such Bonds.

Source: School District of Pinellas County.

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Direct and Overlapping Debt and Debt Ratios

The following table presents a statement of direct and overlapping debt for the School District of Pinellas County.

The School District of Pinellas County, Florida Debt Statement As of June 30, 2016*

	General Obligation Debt	Non-Self Supporting Debt	Self Supporting Debt
DIRECT DEBT			
State Board of Education Bonds	\$ 0	\$ 0	\$ 10,634,000
Total Direct Debt	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,634,000</u>
OVERLAPPING⁽¹⁾			
Sewer Revenue Bonds, Series 2003			\$ 5,215,000
Sewer Revenue Refunding Bonds, Series 2006			17,455,000
Sewer Revenue Bonds, Series 2008A			39,910,000
Sewer Revenue Refunding Bonds, Series 2008B-1			32,280,000
Sewer Revenue Refunding Bonds, Series 2011			10,430,000
Sewer Revenue Refunding Bonds, Series 2012			<u>57,160,000</u>
Total Overlapping Debt	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 162,450,000</u>
Total Direct and Overlapping Debt	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 173,084,000</u>

*Unaudited

(1) Overlapping Debt figures as of September 30, 2015; overlapping debt consists of the debt of Pinellas County.

Source: The School Board of Pinellas County, Florida; Comprehensive Annual Financial Report of Pinellas County, Florida for the Fiscal Year Ended September 30, 2015.

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The School District of Pinellas County, Florida
Summary of Direct and Overlapping Debt
As of June 30, 2016*

	Total Outstanding Debt	Percentage of Total Taxable Assessed Valuation ⁽¹⁾	Per Capita ⁽²⁾
General Obligation			
Direct	\$ -0-	0.000%	\$ 0.00
Overlapping ⁽³⁾	-0-	0.000	0.00
TOTAL	\$ -0-	0.000%	\$ 0.00
Non Self-Supporting Debt			
Direct	\$ -0-	0.000%	\$ 0.00
Overlapping ⁽³⁾	-0-	0.000	0.00
TOTAL	\$ -0-	0.000%	\$ 0.00
Self-Supporting Debt			
Direct	\$ 10,634,000	0.0142%	\$11.25
Overlapping ⁽³⁾	162,450,000	0.2173	\$ 171.91
TOTAL	\$173,084,000	0.2315	\$ 183.16
TOTAL DIRECT DEBT	\$ 10,634,000	0.0142%	\$11.25
TOTAL OVERLAPPING DEBT	\$162,450,000	0.2173%	\$ 171.91
Total Assessed Valuation Per Capita ⁽¹⁾⁽²⁾			\$79,123.83

* Unaudited.

(1) Based upon preliminary 2015 Taxable Assessed Valuation of \$74,769,722,195.

(2) Based upon 2015 population estimate of 944,971.

(3) Calculations based upon figures as of September 30, 2015.

Note: The School District debt includes State Board of Education Bonds which are secured by State Motor Vehicle License taxes.

Source: The School Board of Pinellas County, Florida; Pinellas County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2015.

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Accounting and Funds

Pursuant to Section 11.45, Florida Statutes, the financial operations of the District are subject to annual audit. The School District is required to use independent auditors at least two out of every three fiscal years with the Auditor General of the State of Florida auditing the District's financial operations once every three years. Excerpted pages from the District's Audited Financial Statements for the Fiscal Year ended June 30, 2015 are included herein as Appendix B. See "APPENDIX B - Excerpted Pages from the Audited Financial Statements of the School District of Pinellas County, Florida for the Fiscal Year ended June 30, 2015," for an example of the scope and objectives of the auditor's reports included therein.

The accounting practices of the School Board are designed to conform to generally accepted accounting principles applicable to governmental units. The District implemented the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and related GASB pronouncements, during the 2001-2002 fiscal year. GASB Statement No. 34 created new basic financial statements for reporting the District's financial activities. In addition to fund financial statements, the financial statements now include government-wide financial statements prepared on the accrual basis of accounting that split the District's programs between government and business-type activities. For Fiscal Year 2014/2015, the organization of such financial statements was generally as follows:

Basis of Presentation.

Government-wide Financial Statements – Government-wide financial statements, i.e. the statement of net position and the statement of activities, present information about the District as a whole. Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Depreciation expenses, which can be associated with a specific program or activity, are allocated to the related function. The remaining depreciation expense reported is unallocated. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

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

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.

Other Federal Programs Fund – to account for funds received from the federal government directly, or indirectly through the State, for the enhancement of various specific programs.

Capital Projects – Local Capital Improvement Tax Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects and debt service payments on capital leases.

Additionally, the District reports the following fund types:

Proprietary Fund – to account for the District's individual self-insurance programs.

Fiduciary Fund – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class and club activities, in addition to accounting for resources held by the District as a custodian for others.

Budget Process

State law requires the School Board to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following the County

Appraiser's official certification of taxable property, which usually occurs on or about July 1. The School Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the County Appraiser prepares tax millage notices for property owners within the School District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The School Board adopted the final budget for the 2016/2017 Fiscal Year on September 13, 2016.

The Superintendent of Schools is responsible for preparing the tentative budget for recommendation to the School Board. Florida law requires the School Board to adopt and maintain a balanced budget, in which anticipated revenues less certain required deductions combined with beginning fund balances equal appropriations. Generally, the final budget is substantially the same as the tentative budget since the School Board's hiring plans and materials purchases have been determined before the final budget is adopted.

Auditing System

In addition to local internal audits, two other budget reviews are conducted. The Department of Education conducts regular financial compliance reviews of each school district to ensure that local school districts comply with State regulations. In conjunction with this review, the Financial Management Section of the Department of Education reviews the cost reporting system of each school district to ensure that the Financial and Program Costs Accounting and Reporting for Florida Schools is being properly implemented by the school board of such school district.

General Fund and Capital Projects Fund Operations

The District's general fund revenues are derived from Federal and State appropriations and local sources. The District's two major sources of funds from the State are basic and categorical funding from the Florida Education Finance Program (FEFP). FEFP categorical funds are restricted to the specific purposes for which they are authorized. There is also a statutory property tax millage levy restriction of 10 non-voted mills for operation purposes. To participate in FEFP funding, each school district must levy a minimum millage for operation purposes which is set by the Florida State Board of Education. The total operating millage for the general fund, including such required minimum millage for operating purposes of 4.570 mills, for the District for the 2016/2017 Fiscal Year is 5.818 mills.

The state legislature appropriates funds for FEFP. The level of funding received by each school district is then determined in accordance with state law, particularly Chapter 1011, Florida Statutes, as amended.

The following table summarizes results of operations for the general fund for the three fiscal years ended June 30, 2014 (audited), 2015 (audited) and 2016 (unaudited) and the general fund operating budget for the 2016/2017 Fiscal Year.

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School District of Pinellas County, Florida
Summary of General Fund Operations
Year Ended June 30, 2015

	Audited		Unaudited	Budget
	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
REVENUES				
Federal direct	\$ 351,579	\$ 372,059	\$ 364,707	\$ 310,000
Federal through state	4,308,419	5,041,872	5,591,897	3,500,000
State sources	356,468,507	358,255,614	361,406,949	384,862,733
Local sources	404,452,676	421,328,163	447,233,183	439,027,267
Other	-	-	-	300,000
Total revenues	<u>\$765,581,180</u>	<u>\$784,997,709</u>	<u>\$814,596,736</u>	<u>\$828,000,000</u>
EXPENDITURES				
Current:				
Instruction	\$541,161,978	\$538,593,138	\$557,195,758	\$570,144,899
Pupil personnel services	32,410,816	30,603,204	32,940,386	33,252,211
Instructional media services	7,673,453	6,325,977	6,580,161	6,624,203
Instruction and curriculum development services	10,087,580		11,409,693	11,496,015
Instructional staff training services	5,145,919	10,875,855	11,208,858	11,251,332
Instruction related technology	4,429,149	6,271,912	6,866,195	6,878,480
Board of Education	1,497,268	5,634,812	1,270,449	1,290,232
General administration	2,481,305	1,958,788	2,926,916	2,944,241
School administration	52,645,095	2,509,791	56,005,469	56,212,942
Facilities acquisition and construction	486,586	55,108,649	662,255	1,350,761
Fiscal services	4,180,945	706,713	4,013,038	4,218,167
Food services	129,935	4,378,182	335,224	337,006
Central services	11,785,219	281,084	12,853,975	12,946,795
Pupil transportation services	33,811,743	12,055,784	32,061,484	32,830,814
Operation of plant	74,785,579	33,395,842	76,728,939	76,041,528
Maintenance of plant	22,195,620	76,683,608	21,320,739	21,522,981
Administrative technology services	5,202,232	21,681,771	4,731,836	4,760,262
Community services	798,491	4,736,091	764,465	768,971
Capital outlay:		778,892		
Facilities acquisition and construction	-		-	-
Other capital outlay	3,836,877	385,021	3,774,910	-
Debt service:		3,174,819		
Principal	-		-	-
Interest and fees	114,609	66,725	113,200	113,200
Total expenditures	<u>\$814,860,399</u>	<u>\$816,206,658</u>	<u>\$843,763,950</u>	<u>\$854,985,040</u>
Revenues in excess of (under) expenditures	<u>(49,279,219)</u>	<u>(31,208,950)</u>	<u>(29,167,214)</u>	<u>(26,985,040)</u>
Other financing sources (uses)				
Loss recoveries	\$ 167,151	\$ 327,054	\$ 259,740	-
Obligations under capital leases	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers in	49,256,952	35,967,373	35,921,548	32,000,000
Transfers out	-	(1,164,325)	-	-
Total other financing sources (uses)	<u>\$ 49,424,103</u>	<u>\$ 35,130,102</u>	<u>\$ 36,181,288</u>	<u>\$ 32,300,000</u>
Net change in fund balances	144,884	3,921,152	7,014,073	5,314,960
Prior fund balance	<u>\$ 57,204,936</u>	<u>\$ 57,349,820</u>	<u>\$ 61,270,967</u>	<u>\$ 68,285,040</u>
Ending fund balance	<u>\$ 57,349,820</u>	<u>\$ 61,270,972</u>	<u>\$ 68,285,040</u>	<u>\$ 73,300,005</u>

Totals may not add due to rounding.

Source: Pinellas County School District, Department of Finance.

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund balance not classified as restricted, committed or nonspendable in the approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. The section further requires that if the General Fund balance not classified as restricted, committed or nonspendable is projected to fall below two percent (2%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. Within 14 days after receiving such notification of a balance below two percent (2%), if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements. In Fiscal Year 2015/2016, the District's General Fund balance not classified as restricted, committed or nonspendable (unaudited) was 5.1% of General Fund revenues. For Fiscal Year 2016/2017, the District projects the General Fund not classified as restricted, committed or nonspendable balance will be 5.3% of General Fund revenues.

Cash and Investments

As of June 30, 2016, the District held cash and investments totaling approximately \$522,807 (unaudited) and \$96,824,027 (unaudited), respectively, in its General Fund.

Cash Management

The 2015/2016 Fiscal Year cash flow presented in the following table was prepared from financial records of the District.

The second table following presents a projected General Fund cash flow for the 2016/2017 Fiscal Year. The cash flow is based on the 2016/2017 Fiscal Year operating budget and historical experience adjusted to reflect current economic conditions. The 2016/2017 Fiscal Year cash flow projection is based on the disbursement requirements for the entire Fiscal Year, including certain disbursements which could take place in the 2016/2017 Fiscal Year, but which are not in 2016/2017 Fiscal Year operating budget expenditures, such as certain advances to other funds and provisions for contingencies. Revenue projections reflect the anticipated dates of receipt of funds provided under the Florida Education Finance Program (FEFP) and other state programs, and the expected timing of receipt of tax revenues collected by the County for the District. Ad valorem taxes shown in these tables reflect the general operating levy.

SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA
Cash Flow Analysis - General Fund
For the Fiscal Period July 1, 2015 to June 30, 2016

	<u>July-15</u>	<u>August-15</u>	<u>September-15</u>	<u>October-15</u>	<u>November-15</u>	<u>December-15</u>	<u>January-16</u>	<u>February-16</u>	<u>March-16</u>	<u>April-16</u>	<u>May-16</u>	<u>June-16</u>	<u>Total</u>
Beginning Balance	\$61,270,967	\$63,352,417	\$59,503,893	\$16,053,074	\$47,291,612	\$52,411,465	\$245,445,861	\$288,270,422	\$263,750,594	\$205,034,373	\$133,818,548	\$64,361,512	\$61,270,967
<u>Receipts:</u>													
FEFP	20,881,352	21,349,986	20,282,752	20,282,752	20,282,752	20,282,752	18,920,778	20,118,730	19,073,156	23,910,680	18,985,600	18,722,711	243,094,001
Class Size Reduction	9,447,451	9,447,451	9,447,451	9,447,451	9,447,451	9,447,451	9,374,183	9,374,183	9,374,183	9,387,560	9,387,560	9,387,559	112,969,934
Ad Valorem Tax	158,832	244,312	70,599	305,220	43,131,369	236,143,006	81,413,853	14,749,496	9,359,288	18,273,061	6,405,765	12,882,817	423,137,619
Other Revenue	2,484,375	2,026,943	1,332,146	2,659,675	2,861,154	1,483,192	3,233,832	4,423,994	2,999,233	2,806,035	2,723,392	6,734,151	35,768,122
Transfers In	0	153,265	74,998	75,305	75,306	76,625	79,023	79,017	75,106	75,206	76,844	39,391,245	40,231,940
Note Proceeds	0	0	0	91,126,800	0	0	0	0	0	0	0	0	91,126,800
Total Receipts	<u>\$32,972,011</u>	<u>\$33,221,957</u>	<u>\$31,207,946</u>	<u>\$123,897,203</u>	<u>\$75,798,032</u>	<u>\$267,433,026</u>	<u>\$113,021,668</u>	<u>\$48,745,420</u>	<u>\$40,880,966</u>	<u>\$54,452,542</u>	<u>\$37,579,161</u>	<u>\$87,118,483</u>	<u>\$946,328,416</u>
<u>Disbursements:</u>													
Salaries	8,191,614	14,392,024	44,818,520	62,112,867	46,639,729	50,610,323	44,643,859	51,774,134	46,593,673	64,527,399	49,057,020	44,614,914	527,976,076
Benefits	8,470,640	9,231,577	16,728,221	16,175,485	13,907,282	14,617,431	14,011,281	11,511,332	14,013,348	16,995,238	14,277,712	19,080,684	169,020,230
Vendors	14,228,306	13,446,881	13,112,025	14,370,314	10,131,168	9,170,876	11,541,967	9,979,782	8,990,166	14,145,731	12,461,465	15,188,964	146,767,644
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	4,310,392	4,310,392
Note Sinking Fund	0	0	0	0	0	0	0	0	30,000,000	30,000,000	31,240,000	0	91,240,000
Total Disbursements	<u>\$30,890,560</u>	<u>\$37,070,481</u>	<u>\$74,658,765</u>	<u>\$92,658,666</u>	<u>\$70,678,178</u>	<u>\$74,398,630</u>	<u>\$70,197,108</u>	<u>\$73,265,248</u>	<u>\$99,597,187</u>	<u>\$125,668,367</u>	<u>\$107,036,197</u>	<u>\$83,194,954</u>	<u>\$939,314,342</u>
Ending Balance	<u>\$63,352,417</u>	<u>\$59,503,893</u>	<u>\$16,053,074</u>	<u>\$47,291,612</u>	<u>\$52,411,465</u>	<u>\$245,445,861</u>	<u>\$288,270,422</u>	<u>\$263,750,594</u>	<u>\$205,034,373</u>	<u>\$133,818,548</u>	<u>\$64,361,512</u>	<u>\$68,285,040</u>	<u>\$68,285,040</u>

SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA
Projected Cash Flow Analysis - General Fund
For the Fiscal Period July 1, 2016 to June 30, 2017

	July-16 Actual	August-16 Projected	September-16 Projected	October-16 Projected	November-16 Projected	December-16 Projected	January-17 Projected	February-17 Projected	March-17 Projected	April-17 Projected	May-17 Projected	June-17 Projected	Total
Beginning Balance	\$68,285,040	\$72,774,304	\$68,392,544	\$23,538,883	\$54,621,591	\$59,567,259	\$248,657,170	\$291,298,565	\$268,666,118	\$210,131,510	\$138,038,728	\$69,589,712	\$68,285,040
Receipts:													
FFFP Class Size Reduction	23,402,316	19,698,229	18,713,563	18,713,563	18,713,563	18,713,563	17,456,959	18,562,230	17,597,548	22,060,814	17,516,766	17,274,215	228,423,328
Ad Valorem Tax	0	241,211	69,703	301,346	42,583,894	233,145,596	80,380,451	14,562,277	9,240,489	18,041,117	6,324,455	12,719,293	417,609,834
Other Revenue	1,801,268	4,078,783	2,680,654	5,352,019	5,774,712	3,061,041	6,583,823	8,971,369	6,111,745	5,720,509	5,556,673	13,624,991	69,317,587
Transfers In	0	121,905	59,653	59,897	59,897	60,947	62,854	62,849	59,738	59,818	61,121	31,331,321	32,000,000
Note Proceeds	0	0	0	91,126,800	0	0	0	0	0	0	0	0	91,126,800
Total Receipts	<u>\$34,636,022</u>	<u>\$33,608,964</u>	<u>\$30,992,409</u>	<u>\$125,022,460</u>	<u>\$76,600,902</u>	<u>\$264,449,983</u>	<u>\$113,879,489</u>	<u>\$51,554,128</u>	<u>\$42,404,922</u>	<u>\$55,291,067</u>	<u>\$38,867,824</u>	<u>\$84,358,629</u>	<u>\$951,666,800</u>
Disbursements:													
Salaries	11,456,320	14,432,573	44,944,795	62,287,868	46,771,135	50,752,916	44,769,642	51,920,006	46,724,949	64,709,203	49,195,237	44,740,615	532,705,258
Benefits	8,082,609	9,474,410	17,168,249	16,600,974	14,273,107	15,001,936	14,379,842	11,814,132	14,381,963	17,442,290	14,653,281	19,582,593	172,855,383
Vendors	10,607,829	14,083,742	13,733,027	15,050,910	10,610,993	9,605,221	12,088,610	10,452,437	9,415,952	14,815,691	13,051,656	15,908,332	149,424,399
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0	0
Note Sinking Fund	0	0	0	0	0	0	0	0	30,416,667	30,416,667	30,416,667	0	91,250,000
Total Disbursements	<u>\$30,146,758</u>	<u>\$37,990,724</u>	<u>\$75,846,070</u>	<u>\$93,939,752</u>	<u>\$71,655,234</u>	<u>\$75,360,073</u>	<u>\$71,238,093</u>	<u>\$74,186,576</u>	<u>\$100,939,530</u>	<u>\$127,383,849</u>	<u>\$107,316,840</u>	<u>\$80,231,541</u>	<u>\$946,235,040</u>
Ending Balance	<u>\$72,774,304</u>	<u>\$68,392,544</u>	<u>\$23,538,883</u>	<u>\$54,621,591</u>	<u>\$59,567,259</u>	<u>\$248,657,170</u>	<u>\$291,298,565</u>	<u>\$268,666,118</u>	<u>\$210,131,510</u>	<u>\$138,038,728</u>	<u>\$69,589,712</u>	<u>\$73,716,800</u>	<u>\$73,716,800</u>

REVENUES OF THE DISTRICT

The District derives its operating income from a variety of Federal, State and local sources. The major categories of these income sources for the general fund are briefly described below.

Federal Sources

In the 2015/2016 Fiscal Year, the District received \$364,707 (unaudited) in Federal subsidies. The budget for the 2016/2017 Fiscal Year projects approximately \$310,000 in Federal subsidies. These subsidies are primarily for the Junior Officers Training Candidate Program and Federal Impact AID.

Federal through State

In the 2015/2016 Fiscal Year, the District received \$5,591,897 (unaudited) in Federal through State subsidies. The budget for the 2016/2017 Fiscal Year projects \$3,500,000 in Federal through State subsidies. These subsidies are primarily through Medicaid for reimbursement of costs incurred by the District for providing medical care to indigent students.

State Sources

State revenues accounted for approximately 44.4% of general fund revenues in the 2015/2016 Fiscal Year and are budgeted to produce approximately 46.5% of revenues in the 2016/2017 Fiscal Year. Total state revenues were \$361,406,949 (unaudited) in the 2015/2016 Fiscal Year and are projected at \$384,862,733 for the 2016/2017 Fiscal Year. The two primary sources of State educational funding of the District's operations, (1) the Florida Education Finance Program, and (2) State Categorical Programs, are briefly described below.

Florida Educational Finance Program

The major portion of State support is distributed under the provisions of the Florida Education Finance Program, which was enacted by the State legislature in 1973. The District's two major sources of funds from the State are basic and categorical funding from the Florida Education Finance Program ("FEFP"). FEFP categorical funds are restricted to the specific purposes for which they are authorized. To participate in FEFP funding, each school district must levy a minimum millage for operating purposes which is set by the Florida State Board of Education. For Fiscal Year 2015/2016, the required minimum millage for operating purposes was 5.022 mills. The required minimum millage for operating purposes for the 2016/2017 Fiscal Year is 4.570 mills. General

Fund FEFP receipts from the State for the 2015/2016 Fiscal Year were \$212,157,666 (unaudited) and are budgeted at \$228,423,328 for the 2016/2017 Fiscal Year.

The state legislature appropriates funds for FEFP. The level of funding received by each school district is then determined in accordance with state law, particularly Chapter 1011, Florida Statutes. Basic FEFP funds are provided on a weighted full-time equivalent student (FTE) basis and through a formula that takes into account (1) varying program costs, (2) cost differentials between districts, (3) differences in per student costs due to sparsity and student population dispersion, and (4) required level of local support. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the formula.

State Categorical Programs

State Categorical programs are educational program lump sum appropriations intended to supplement local school district revenues to enhance educational and support services. In recent years, most categorical programs have been eliminated and the funds are now earmarked within the FEFP base student allocation. The only remaining categorical program is class size reduction. The allocation for class size reduction is based on a funding formula. The majority of funds available therefrom require actual appropriation by the Board of the purposes for which they are provided. Total State class size reduction funding is expected to increase slightly from \$112,969,934 (unaudited) in the 2015/2016 Fiscal Year to a projected \$113,189,251 for the 2016/2017 Fiscal Year.

Public Education Capital Outlay and Debt Service Trust Fund Program (PECO)

One source of state educational funding contributions to the District's capital outlay requirements is the Florida Public Education Capital Outlay and Debt Service Trust Fund Program (PECO). The method of allocation of funds to the district school boards is provided by state law based upon a statutory formula, a component of which is the number of students in various districts and the proposed uses of the funds by the various districts. The Commissioner of Education administers the PECO program and allocates or reallocates funds as authorized by law. The District received \$2,372,102 in PECO funds in the 2015/2016 Fiscal Year and is budgeted to receive \$3,622,395 in PECO funds for the 2016/2017 Fiscal Year.

Public School Capital Outlay Program Act

On November 24, 1997, the Governor of the State of Florida signed into law a bill creating the "Public School Capital Outlay Program Act" (the "Act"). Among the several programs established by the Act is the "Classrooms First Program," which provides for the issuance by the State of revenue bonds, the proceeds of which will be distributed to the various school districts based upon a formula similar to the formula used in allocating PECO funds. The proceeds of such revenue bonds must be applied by a school district

for new construction, remodeling, renovation or major repairs, with a priority on construction of new, permanent classroom facilities. If a school district certifies that it has no unmet need for permanent classroom facilities or if its unmet needs are less than its proposed allocation of the revenue bond proceeds, it may choose to receive an annual distribution of State lottery revenues in lieu of all or a portion of its allocation of State bond proceeds. Such annual distribution must be used to construct, renovate, remodel, repair or maintain educational facilities. In addition, in order to receive any of such State funds, a school district must fully bond all of its CO&DS funds allocation. In order to continue participation in the Classrooms First Program, the District may be required to utilize additional State bonds payable from CO&DS funds in the future.

Under the Act, the District may be entitled to receive other State revenues pursuant to other programs if the District achieves certain standards relating to its capital outlay efforts. It is not possible at this time to determine or estimate the amount of such State revenues, if any, that the District may receive in the future.

State Budget

On March 11, 2016, the Florida Legislature adopted a State budget for Fiscal Year 2016/2017 providing for an increase of approximately \$458.2 million in K-12 public schools funding, reflecting a per-pupil increase of \$71 over the current year to \$7,178. Approximately 15.8% of such increase, or \$72.8 million, would come from local property taxes, with the remaining 84.2% or \$385.4 million, from State revenues. Based on the final budget, the District expects an increase of approximately \$12.2 million in funds over fiscal year 2015/2016.

Local Sources

Local revenue for school district support is derived almost entirely from real and tangible personal property taxes. There are no local non-property taxes levied specifically for schools. In addition, the District earns interest on cash invested and collects other miscellaneous revenues.

Operating and Capital Outlay Millage and Other Ad Valorem Property Taxes

The Florida Constitution limits the non-voted millage rate that school boards may levy to 10 mills. Chapter 1011, Florida Statutes, further limits the millage levy for operational purposes to an amount set each year by the State Appropriations Bill. Within this operational limit, each school district desiring to participate in the State aid appropriation of the FEFP funds for current operations must levy the millage for "required local effort," which is set each year by the State Commissioner of Education, based upon the aggregate local effort for all school districts, and the most recent estimates of the non-exempt assessed valuation for school purposes prepared by the Department of Revenue. The required local effort millage for the District for the

2016/2017 Fiscal Year is 4.570 mills. In addition, the State Legislature annually authorizes a discretionary millage rate for school districts. The maximum discretionary millage for the 2014/2015 Fiscal Year was 0.748 mills, and the District is levying a discretionary millage of 0.748 mills for the 2016/2017 Fiscal Year. In addition to operating millage levies, school boards may levy up to 1.500 mills (referred to herein as the "Local Option Millage Levy") for capital outlay and maintenance purposes, including, among other things, new construction and remodeling, renovation and repair of existing school plants and school bus purchases. For Fiscal Year 2016/2017, the Board is levying 1.500 mills for capital outlay and maintenance purposes.

On November 2, 2004, the voters in Pinellas County approved the levy of an additional one-half (0.5) mill ad valorem tax for necessary operating expenses, including recruiting and retaining qualified teachers; preservation of reading programs, music and art; and providing up-to-date textbooks and technology. Such additional ad valorem tax is authorized to be levied for a period of four years, commenced with the Fiscal Year 2005/2006 and was approved for four additional years, commencing with Fiscal Year 2009/2010 and again for four additional years, commencing with Fiscal Year 2014/2015.

Budgeted revenues from ad valorem taxes are based on applying millage levies to ninety-six percent (96%) of the non-exempt assessed valuation of real and personal property. Historically, the local taxes have been received at less than one hundred percent (100%) of assessed valuation due to the discounts for early payment. The County usually collects approximately ninety-six percent (96%) of the levied taxes.

Truth in Millage Bill

The 1980 Florida Legislature enacted the Truth in Millage Bill (the "Trim Bill") requiring that only legislative bodies, including school districts, fix the millage rate, and requiring that all property be assessed at 100% of just value. The Trim Bill prohibits the millage for taxing authorities from being set by referendum.

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Ad valorem tax receipts for operating purposes are expected to decrease from \$423,137,619 (unaudited) in the 2015/2016 Fiscal Year to a budgeted \$417,609,834 in the 2016/2017 Fiscal Year. Historical millage rates (tax per \$1,000 of assessed value) and the millage rates for the 2016/2017 Fiscal Year are as follows:

	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
Required Local Effort	5.554	5.312	5.093	5.022	4.570
Discretionary Local Effort	0.748	0.748	0.748	0.748	0.748
Local Referendum ⁽¹⁾	<u>0.500</u>	<u>0.500</u>	<u>0.500</u>	<u>0.500</u>	<u>0.500</u>
Operating Millage	6.802	6.560	6.341	6.270	5.818
Debt Service	0.000	0.000	0.000	0.000	0.000
Capital Outlay	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>
TOTAL	8.302	8.060	7.841	7.770	7.318

⁽¹⁾ See "REVENUES OF THE DISTRICT – Operating and Capital Outlay Millage and Other Ad Valorem Property Taxes" herein.

Source: School Board of Pinellas County, Florida.

AD VALOREM TAX PROCEDURES

Property Assessment

No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Such taxes may be levied only by counties, school districts, municipalities and certain special districts. For all purposes, real and personal property valuation is determined as of January 1, each year, by the County appraiser. Except as noted below, all taxable real and tangible personal property must be assessed at 100% of fair market value.

The following uses of real property are generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary and governmental. In addition, there are special exemptions for widows, hospitals, homesteads, waterfronts, homes for the aged, disabled veterans, deployed military personnel, surviving spouses of veterans and low income seniors. In particular, pursuant to Article VII, Section 6 of the Constitution and Section 196.031, Florida Statutes, the first \$25,000 of the assessed valuation of a homestead is exempt from taxation for any person who has title to a residence in such homestead on a permanent basis. Further, agricultural land, non-commercial recreational land, inventory and livestock are assessed at less than 100% of fair market value.

In the November 7, 2006 general election, the voters of Florida approved Amendments 6 and 7 to the State Constitution, which provide for an increase in the

homestead (ad valorem tax) exemption to \$50,000 from \$25,000 for certain low-income seniors effective January 1, 2007 and provide a discount from the amount of ad valorem taxes for certain permanently disabled veterans effective December 7, 2006, respectively.

Additionally, in the January 29, 2008 special election, the voters of the State also approved an additional homestead exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead for property with an assessed value equal or greater than \$75,000. However, this exemption does not apply to school district taxes.

By voter referendum held on November 2, 1992, Article VII, Section 4 of the Florida Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. This amendment is known as the "Save Our Homes" amendment. The effective date of the amendment was January 1, 1995. See "Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes" herein for information concerning certain legislation that affects the Save Our Homes amendment.

Procedure for Property Assessment. The Property Appraiser of Pinellas County (the "Property Appraiser") determines property valuation on real and tangible personal property as of January 1 of each year. The Property Appraiser determines the valuation of all real and personal property by July 1 of each year and notifies the County, the District, each municipality, and each other legally constituted special taxing district as to its just valuation, notes the legal adjustments and exemptions and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. Each taxing body must advertise its budget, stating the proposed millage and hold public hearings on such budgets. Final budgets are determined by each taxing body, and the millage is certified to the Property Appraiser by October 1.

Concurrently, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on such property. If the individual property owner believes that his or her property has not been appraised at fair market value, the owner may file a petition with the Pinellas County Value Adjustment Board (the "Adjustment

Board"). The Adjustment Board consists of two members of the County Commission, one member of the School Board and two citizen members, one appointed by the County Commission and the other appointed by the School Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser, if such valuations were found not to be fair and at market value. The decision of the Adjustment Board may be appealed to the Circuit Court. The Adjustment Board must certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used. These changes are then made to the final tax roll.

Section 194.014, Florida Statutes, which requires that taxpayers appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to properties that will have a petition pending on or after the delinquency date (normally April 1). The statute further provides that a taxpayer's failure to make the required partial payment before the delinquency date (normally April 1) will result in the denial of the taxpayer's petition.

The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which he certifies to the County Tax Collector by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies, so that all ad valorem taxes are collected by the County Tax Collector and distributed to the various taxing bodies.

Procedure for Tax Collection. All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. The Tax Collector mails to each property owner on the assessment roll a notice of taxes levied by the County, the School Board, and other taxing authorities. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were levied. All taxes collected are remitted by the County to the governmental unit levying the taxes. (See "Disposition of Tax Collections".)

Delinquent real property taxes bear interest at the rate of eighteen percent (18%) per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of eighteen percent (18%) per year from April 1 until paid. Delinquent personal property taxes must be advertised within forty-

five (45) days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

Florida law provides that real property tax liens are superior to all other liens and that personal property tax liens are superior to all other liens, except prior United States Internal Revenue Service liens. The Tax Collector advertises once each week for four weeks and sells tax certificates on or before June 1 of each year on all real property with taxes due. Delinquent Tax Certificates not sold at auction revert to the County.

Disposition of Tax Collections

Section 200.001, Florida Statutes, provides, in effect, that county tax millages shall consist of four components: (a) general millage, (b) debt service millage, (c) voted millage, and (d) dependent special district millage. Section 197.0124, Florida Statutes, requires the Tax Collector to distribute taxes collected to each taxing authority four times per month during the first two months after the tax roll comes into its possession and once per month thereafter.

The School District is levying a total millage of 7.318 mills for Fiscal Year 2016/2017. The levy includes 5.818 mills for general operations, 0.00 mills for debt service and 1.500 mills for capital projects. The following table shows the tax levies and collections of the District for the last ten years.

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School District of Pinellas County, Florida
Tax Levies and Taxes Collected
Tax Years 2006-2015

Tax Year	Total School Taxes Levied	General School	Capital Improvement	Debt Service	Total Tax Receipts	% of Current Tax Taxes Collected
2015 ⁽¹⁾	\$571,749,563	\$437,164,657	\$104,584,746	0	\$524,363,927	96.79%
2014	510,941,636	413,197,413	94,744,223	0	494,075,073	96.69
2013	490,091,678	398,883,549	91,208,129	0	474,409,366	96.80
2012	488,341,780	400,108,502	88,233,275	0	471,697,326	96.59
2011	505,857,789	415,364,445	90,493,343	0	490,011,203	96.87
2010	527,919,120	433,037,898	94,881,222	0	510,663,117	96.73
2009	582,937,252	478,167,796	104,769,456	0	562,665,753	96.52
2008	630,942,685	493,968,402	136,974,283	0	611,419,304	96.91
2007	619,264,570	471,076,826	148,187,744	0	597,463,232	96.48
2006	619,940,843	468,919,932	151,020,911	0	599,802,543	96.75

(1) Unaudited.

Source: Pinellas County School District, Department of Finance.

Assessed Valuation

The following table shows the assessed value and taxable value for operating millages in each of the past ten years. No single taxpayer in the County pays as much as ten percent (10%) of the total ad valorem taxes levied.

School District of Pinellas County, Florida
Taxable Assessed Value and Estimated Actual Value of Taxable Property
For the Tax Years 2007 through 2016
(in thousands)

Tax Year	Taxable Assessed Value	Estimated Actual Value	% Total Assessed Value To Total Taxable Value
2016 ⁽¹⁾	\$77,769,722	\$97,691,066	76.53%
2015	69,846,304	90,196,536	77.44
2014	65,276,217	81,113,383	80.48
2013	60,915,235	79,351,167	76.77
2012	58,822,185	75,803,036	77.60
2011	60,125,520	74,937,439	80.23
2010	63,062,620	78,456,434	80.38
2009	69,596,858	94,737,262	73.46
2008	78,271,019	119,777,404	65.35
2007	80,101,484	115,701,931	69.23

(1) Preliminary Figures as of July 1, 2016. Such figures are subject to adjustment by the Property Value Adjustment Board.

Source: Pinellas County Property Appraiser.

Recent Legislative Initiatives and Constitutional Amendments Concerning Ad Valorem Taxes

Several amendments to the Florida Constitution affecting Ad Valorem Taxes have been approved by voters in the recent past including the following.

Constitutional amendments related to ad valorem exemptions. On January 29, 2008, in a special election held in conjunction with Florida's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. The amendments were effective for the 2008 tax year (2008/2009 Fiscal Year) for local governments. The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000. See "AD VALOREM TAX PROCEDURES – Property Assessment" for a description of the homestead exemption. This exemption does not apply to school district taxes.

2. Permits owners of homestead property to transfer up to \$500,000 of their "Save Our Homes" benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their "Save Our Homes" benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed above, the Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. This exemption applies to all taxes, including school district taxes.

3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax. This limitation applies to all taxes, including school district taxes.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10-year period, subject to extension by an affirmative vote of electors. This limitation does not apply to school district taxes.

From time to time over the last few years, the Save Our Homes assessment cap and portability provision described above have been subject to legal challenge. The plaintiffs in such cases have generally argued that the Save Our Homes assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property, in violation of the State Constitution's Equal Protection provisions and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution and that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions. However, there is no assurance that any future challenges to such provisions will not be successful. Any potential impact on the District or its finances as a result of such challenges cannot be ascertained at this time.

Exemption for Deployed Military Personnel. In the November 2010 General Election voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the legislature. This constitutional amendment took effect on January 1, 2011.

Reduction in Local Option Millage Levy. In 2008, Section 1011.71, Florida Statutes, was amended to reduce the maximum millage rate that school districts could levy for capital outlay and maintenance purposes (referred to in this Official Statement as the Local Option Millage Levy) from 2.0 mills to 1.75 mills commencing in Fiscal Year 2008-09. In conjunction with such reduction, the State's Commissioner of Education increased the amount of the required local effort for each school district in the State, which resulted in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes. However, if the revenues generated from the reduced Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating millage levy may be used to make such lease payments.

Section 1011.71, Florida Statutes, was further amended in 2009, 2010 and 2011 to provide for the following: (i) a reduction of the maximum Local Option Millage Levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009, for the 2009-10 Fiscal Year (however, see "Legislation Waiving 75% Limitation on Use of Local Option Millage Levy" below for information regarding an amendment to this provision); (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 mills for capital improvement needs in lieu of an equivalent amount of the

discretionary mills for operations as provided in the State General Appropriation Act; and (iv) authorization for school boards, by a super majority vote, to levy an optional 0.25 mills for critical capital outlay needs or for critical operating needs. The authorization to levy the millage described in clause (iv) hereof expired on June 30, 2011.

Legislation Waiving 75% Limitation on use of Local Option Millage Levy. Section 1011.71, Florida Statutes, was further amended in 2012 to indefinitely allow a waiver of the three-fourths limit on the use of proceeds from the Local Option Millage Levy for lease-purchase agreements entered into before June 30, 2009. Previously, such waiver was only authorized for the 2009-10 Fiscal Year (as described in clause (ii) of the preceding paragraph). Such provision became effective on July 1, 2012.

Exemption for Disabled Veterans. During the 2011 Regular Session, the legislature passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property. The amendment was effective January 1, 2013.

Exemption for Surviving Spouse of Veterans. During the 2012 Regular Session, the legislature passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment was effective January 1, 2013.

Exemption for Low Income Seniors. Also during the 2012 Regular Session, the legislature passed House Joint Resolution 169 ("HJR 169") allowing the State Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than \$250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than \$27,300. The additional homestead tax exemption authorized by HJR 169 would not apply to school property taxes.

Each of the above-described amendments was approved by the voters on November 6, 2012. At present, the impact of the amendments on the District's finances has been minimal. However, there can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District's finances.

Various Changes to Ad Valorem Assessment, Exemptions and Definitions. During its 2013 Regular Session, the Florida Legislature passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and creates a number of changes affecting ad valorem taxation which became effective as of July 1, 2013. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing time frames. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the term "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of Florida real property permanently reside upon on such property in order to qualify for a homestead exemption. This change conforms the statute at issue with the Florida Constitution by allowing non-resident owners of property to claim a homestead exemption if a person legally or naturally dependent upon the owner permanently resides on such property. Fifth, SB 1830 clarifies a drafting error regarding the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for limited liability partnerships with a general partner that is a charitable 501(c)(3) organization to qualify for the affordable housing property tax exemption. Finally, SB 1830 exempts from property taxes property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

Assessment of Renewable Energy Devices Upon Residential Property. Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013.

Reclassification of Agricultural Lands. Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 1193 ("HB 1193"), which was signed into law by the Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193 relieves the value adjustment board of the authority to review the property appraisers. HB 1193 applies retroactively to January 1, 2013.

At present, the impact of the legislative changes passed in the 2013 legislative session described above on the District's finances has been minimal. However, there can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District's finances.

Exemption and Assessment of Renewable Energy Devices Upon all Real Property. In the August 2016 primary election, the voters in the State approved a constitutional amendment exempting the assessed value of certain renewable energy devices from the ad valorem tax on tangible personal property and prohibiting certain renewable energy devices from being considered when calculating the assessed value of all real property, not just real property used for residential purposes as provided for in HB 277 described above. This constitutional amendment will take effect on January 1, 2018 and expire on December 31, 2037. At this time, the impact of this amendment, if any, on the District cannot be ascertained.

Other Proposals Affecting Ad Valorem Taxation and District Finances

During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State Legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property, require school districts to share a portion of their Local Option Millage Levy revenues with charter schools in such school district or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

Constitutional Amendments Related to Class Size Reduction and Pre-K Programs

Class Size Legislation. Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010/2011 school year. Amendment 9 and Section 1003.03, Florida Statutes, which implements Amendment 9, collectively, are referred to herein as the "Class Size Legislation."

The Class Size Legislation established constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. Such legislation generally provided for a phased-in compliance which would be determined on a school-by-school basis through and including Fiscal Year 2009/2010, with final compliance on an individual classroom basis beginning in Fiscal Year 2010/2011. In the event a school district was

not in compliance with such requirements, the legislation provides that the State would reduce categorical funds due to such school district for operational purposes.

The Class Size Legislation further created an "Operating Categorical Fund for Class Size Reduction," the "Classroom for Kids Program," the "District Effort Recognition Grant Program" and the "Class Size Reduction Lottery Revenue Bond Program" to provide funding programs for capital outlays and operating expenditures necessary in relation to these mandated class size reductions.

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars.

Through Fiscal Year 2009/2010, the District complied with the requirements of the Class Size Legislation which was based on the average class size at each school. Beginning in Fiscal year 2010/2011, the requirements were based on the number of students in each individual classroom and subsequently, schools that provided choice (e.g., charter, magnet, career and technical, etc.), continued to be required to meet average class size at all schools. As of the October 2015 Survey, the week during which Department of Education determined compliance with class size maximums for the 2015-2016 school year, the District had 100% of the classrooms in compliance with the requirements of the Class Size Legislation. The District also expects to be in compliance with the class size maximums for the 2016-2017 school year.

Pre-K Legislation. Amendment 8 to the State Constitution provides that every 4-year old child in the State shall be offered a free, high quality pre-kindergarten learning opportunity by the State. Part V of Chapter 1002, Florida Statutes, creates a statewide Voluntary Pre-kindergarten Education Program (the "Pre-K Program"). Among other things, the Pre-K Program provides eligibility and enrollment requirements, authorizes parents to enroll their children in a school-year pre-kindergarten ("Pre-K") program delivered by a private Pre-K provider, a summer program delivered by a public school or private Pre-K provider or, if offered in a school district that meets class-size reduction requirements, a school year Pre-K program delivered by a public school. The Pre-K Program also requires school districts to deliver summer Pre-K programs and permits school districts to deliver school-year Pre-K programs. Additionally, the Pre-K Program appropriates State funds to finance the Pre-K programs and provides the method for calculating the funds allocated to each Pre-K program provider. The Pre-K Legislation provides State funding for the Pre-K programs.

LITIGATION

Concurrently with the delivery of the Notes, General Counsel to the School Board will deliver an opinion substantially to the effect that there is no litigation or other proceedings pending or, to the best of his knowledge, threatened against the School Board that seeks to restrain or enjoin the issuance or delivery of the Notes or this Official Statement or questioning or affecting the validity of the Notes, the Official Statement or the proceedings of the School Board with respect to the authorization, sale, execution or issuance of the Notes or the transactions contemplated by this Official Statement or any other agreement or instrument to which the School Board is a party in connection therewith and which is used or contemplated for use in the transactions contemplated by this Official Statement and neither the creation, organization nor existence of the School Board is being contested.

The District is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, General Counsel for the School Board believes that there are substantial defenses to such litigation and the disputes and that, in any event, any ultimate liability, in excess of applicable insurance coverage, resulting therefrom will not materially adversely affect the financial position or results of operations of the District.

NOTEHOLDER'S RISK

The Notes are limited obligations of the District payable from the Pledged Revenues as described herein, and are not secured by the full faith, credit and taxing power of the District. Because the Notes are limited obligations, the sources of money pledged to secure payment of the Notes may be insufficient therefor, and the Noteholders would not be able to compel the levy of taxes (other than the taxes levied for operating purposes for the 2016/2017 Fiscal Year) or the institution of foreclosure proceedings against any property of the District to provide for payment of the Notes and the interest thereon. Certain factors may affect the adequacy of the Pledged Revenues to provide for payment of the Notes, and there can be no assurance that the Pledged Revenues will be adequate to provide for payment of the Notes and the interest thereon.

In particular, the adequacy of the Pledged Revenues to provide for repayment of the Notes depends upon (1) the ability of taxpayers in the County to pay the ad valorem taxes levied in 2016, (2) the percentage of collection of ad valorem taxes for the 2016/2017 Fiscal Year, (3) the receipt by the District of the federal and State funds upon which it depends, in part, for the funding of its operations for the current year, and (4) the absence of the need for extraordinary, unforeseen expenditures during the 2016/2017 Fiscal Year. These matters are largely dependent upon factors beyond the control of the District, and any adverse developments with respect to these or other factors could affect the ability of the District to pay the principal of and interest on the Notes.

FINANCIAL STATEMENTS

The General Purpose Financial Statements of Pinellas County Public Schools, Florida, as of June 30, 2015 and for the year ended, appended hereto as Appendix B as part of this Official Statement have been audited by Carr, Riggs & Ingram, LLC, Certified Public Accountants, as set in their report dated March 9, 2016, which report is also appended hereto. The auditor has not performed any services relating to, and is therefore not associated with, the issuance of the Notes.

Audited financial statements for the Fiscal Year ended June 30, 2016 are not available as of the date hereof. Excerpted pages from the Superintendent's Annual Financial Report (Unaudited) of the School District of Pinellas County, Florida for the Fiscal Year ended June 30, 2016 are also appended hereto as Appendix C as part of this Official Statement. The figures in such report are not audited and are subject to change during the auditing process.

UNDERWRITING

The Notes are being purchased by _____ at an aggregate purchase price of \$_____ (which consists of the par amount of the Notes plus a note premium of \$_____ and less an Underwriter's discount of \$_____). The offer of the Underwriter to purchase the Notes provides for purchase of all of the Notes if any are purchased.

The Underwriter may offer to sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The District has retained Ford & Associates, Inc., Tampa, Florida, as financial advisor (the "Financial Advisor") with respect to the issuance and sale of the Notes. The Financial Advisor assisted in matters relating to the planning, structuring, and issuance of the Notes, and has provided additional advice. The Financial Advisor is not obligated to undertake nor has undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

NOTE RATING

Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "MIG 1" to the Notes. An explanation of the significance of the rating may be obtained only from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0501. There is no assurance that the rating will be in effect for any given period of time or that it will not be revised downward, suspended or withdrawn entirely by Moody's if in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating given the Notes may have an adverse effect on the liquidity or market of the Notes.

TAX EXEMPTION

Opinion of Note Counsel

In the opinion of Note Counsel, the form of which is included as APPENDIX E hereto, under existing statutes, regulations, rulings and court decisions, the interest on the Notes is (a) excludable from gross income of the owners thereof and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Notes is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the School Board to comply subsequent to the issuance of the Notes with certain requirements of the Code regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States may cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to their date of issue. The School Board has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Notes for purposes of federal income taxation. In rendering this opinion, Note Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Notes, including among other things, restrictions relating to the use of investment of the proceeds of the Notes and the payment of certain arbitrage earnings in excess of the "yield" on the Notes to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Notes being included in gross income for federal income tax purposes retroactive to their date of issue.

Financial Institutions

Banks and thrift institutions are generally unable to deduct any portion of the interest expense allocable to purchasing or carrying tax-exempt obligations (except "qualified tax-exempt obligations") if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds after August 7, 1986. An exception is provided for "qualified tax exempt obligations" specifically designated as such by the issuer. The School Board has not designated the Notes as qualified tax-exempt obligations under Section 265(b)(3) of the Code.

Collateral Tax Consequences

Except as described above, Note Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Notes. Prospective purchasers of Notes should be aware that the ownership of Notes may result in other collateral federal tax consequences. For example, ownership of the Notes may result in collateral tax consequences to various types of corporations relating to (1) the branch profits tax, (2) the environmental tax, and (3) the inclusion of interest on the Notes in passive income for certain Subchapter S corporations. In addition, the interest on the Notes may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE NOTES AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE NOTEHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE NOTEHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Notes may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Notes should consult their own tax advisors as to the income tax status of interest on the Notes in their particular state and local jurisdictions.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Notes. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Notes. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the

Notes and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Notes.

Tax Treatment of Note Premium

The Notes were offered at a price in excess of the principal amount thereof. Under the Code, the excess of the cost basis of a note over the amount payable at maturity or earlier call date is generally characterized as "note premium." For federal income tax purposes, a portion of the note premium on the Notes in each taxable year will reduce the cost basis of the owner thereof (i.e. be amortized), but may not be deducted. The amount of amortizable note premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. Special rules apply in the case of an owner who holds a Note as inventory, stock in trade or for sale to customers in the ordinary course of business.

Owners of Notes should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the annual amount of amortizable note premium, the treatment of such note premium upon the sale or other disposition of Notes and with respect to the state and local tax consequences of owning and disposing of Notes.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Notes are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel, whose approving opinion (a form of which is attached hereto as APPENDIX E) will be available at the time of delivery of the Notes. The actual legal opinion to be delivered by Note Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Note Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the School Board by its General Counsel, David Koperski, Esq., Largo, Florida.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "budgeted" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ

materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, factors affecting ad valorem revenues, federal legislation and/or regulations, and regulatory and other restrictions. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between budgets and actual results, and those differences may be material.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the District make a full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to principal or interest at any time after December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the District, and certain additional financial information, unless the District believes in good faith that such information would not be considered material by a reasonable investor. The District is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

CONTINGENT FEES

The School Board has retained Note Counsel and the Financial Advisor, with respect to the authorization, sale, execution and delivery of the Notes. Payment of each fee of such professionals is each contingent upon the issuance of the Notes.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Noteholders to provide notices of the occurrence of certain enumerated material events. Such covenant shall only apply so long as the Notes remain outstanding under the Resolution. The covenant shall also cease upon the termination of the continuing disclosure requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule") by legislative, judicial or administration action. The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access System described in the Form of the Continuing Disclosure Certificate attached hereto as APPENDIX F. The specific nature of the notices of material events are described in "APPENDIX F - Form of Continuing Disclosure Certificate," which shall be executed by the District at the time of issuance of the Notes. These covenants have been made in order to assist the Underwriter in complying with the Rule. Because the Notes mature in less than 18

months, the District is not required to provide any other information other than notices of material events pursuant to the Rule. In the past five years, the District has not failed to comply, in any material respect, with any prior undertakings pursuant to the Rule.

MISCELLANEOUS

The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Notes that there has been no change in the affairs of the District from the date hereof.

The Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or the holders of any of the Notes.

Further information regarding the District is available upon request from Pinellas County Public Schools, Office of the Associate Superintendent for Finance and Business Services, 301 Fourth Street S.W., Largo, Florida 33779-2942.

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CERTIFICATE CONCERNING THIS OFFICIAL STATEMENT

Concurrently with the delivery of the Notes, the Chairperson of the Board and the Superintendent will furnish a certificate to the effect that, to the best of their knowledge, this Official Statement (except for the information under the caption "BOOK-ENTRY SYSTEM ONLY" as to which no opinion will be expressed), as of the date of delivery of the Notes, does not contain any untrue statement of a material fact and does not omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances for which they were made, not misleading.

**SCHOOL DISTRICT OF PINELLAS
COUNTY, FLORIDA**

By: _____
Chairperson, The School Board of Pinellas
County, Florida

By: _____
Superintendent of Schools, Ex-Officio
Secretary, The School Board of Pinellas
County, Florida

APPENDIX A

**GENERAL INFORMATION REGARDING
PINELLAS COUNTY, FLORIDA**

GENERAL INFORMATION REGARDING PINELLAS COUNTY, FLORIDA

The following information concerning Pinellas County, Florida (the "County"), is included only for purposes of supplying general information regarding the area.

INTRODUCTION

Pinellas County, Florida (the "County") was established in 1911 and is a peninsula located at the approximate midpoint of the west coast of Florida, bounded on the east by Tampa Bay and on the west by the Gulf of Mexico. The County contains a total area of approximately 608 square miles, of which approximately 274 square miles are land and the balance water area. The County, with a 2015 population of 944,971, is the most densely populated county in Florida, ranking sixth in terms of county population, with the second smallest total land area.

There are 24 incorporated municipalities in the County. St. Petersburg is the largest city in the County with a 2015 population of 256,681. Clearwater, the County seat, is the second largest city, with a 2015 population of 110,679. Following St. Petersburg and Clearwater in size are Largo, Pinellas Park and Dunedin.

COUNTY GOVERNMENT

The County is a Charter County established under the Constitution and Laws of the State of Florida. The County provides a full range of county-wide services, including tax assessments and collections, fire and law enforcement protection, election services, court services, recording services, emergency medical services, civil emergency services, construction and maintenance of highways, streets and other infrastructure, airport services, economic development, social and human services, cultural and recreational services, and water, sewer and solid waste services. In addition, municipal services are provided to the unincorporated areas of the County within a municipal services taxing district.

The Board of County Commissioners (the "Board") is the legislative body for the County. The Board consists of seven Commissioners elected by the voters of the County for terms of four years each. The Board budgets and provides all of the funding used by its departments and the separate constitutional officers with the exception of certain fees collected by the Clerk of the Circuit Court and fees collected by the Tax Collector and Property Appraiser. Under the direction of the Clerk of Circuit Court, the Finance Department maintains the accounting system for the County's operations. The Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector maintain their own accounting systems.

The County Administrator

The chief administrative official of the County is the County Administrator. The County Administrator is directly responsible to the Board for administration and operation of various administrative divisions under the Board. The County Administrator is also responsible to the Board for preparation of the County budget, control of expenditures throughout the budget year and execution of Board policies. Currently, the County Administrator is Mark S. Woodard.

Retirement Plan

Almost all County officers and employees participate in the State of Florida Retirement System ("FRS"), which was established in 1970 pursuant to Chapter 121, Florida Statutes. Employers pay all contributions in an amount equal to a specified percentage of that member's gross compensation. Effective July 1, 1998, the FRS instituted the Deferred Retirement Option Program (DROP), which provides an alternative method for payment of retirement benefits for up to 60 months after a member reaches his/her normal retirement date. Regular monthly retirement benefits are determined at the time the employee enters DROP. At termination of employment, the employee will receive payment of accumulated DROP benefits and begin receiving their monthly retirement benefit. The County's contributions to the plan for the years ended September 30, 2015, 2014 and 2013 were approximately \$29 million, \$35 million and \$26 million, respectively, equal to the required contribution for each year.

Source: Pinellas County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2015.

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The following table sets forth the population trends in the County and the State of Florida.

**Pinellas County and State of Florida
Population Trends**

Year	Pinellas County		Florida	
	Population	% Change	Population	% Change
2015	944,971	1.3%	19,815,183	1.6%
2014	933,258	0.7	19,507,369	1.3
2013	926,610	0.7	19,259,543	1.0
2012	920,381	0.2	19,074,434	0.9
2011	918,496	0.2	18,905,048	0.6
2010 (Census)	916,542	(0.2)	18,801,310	0.6
2009	918,725	(0.5)	18,687,425	0.4
2008	923,266	(0.5)	18,613,905	0.9
2007	927,882	(0.4)	18,446,768	1.6
2006	931,680	(0.1)	18,154,475	2.1
2005	932,971	0.1	17,778,156	2.3
2004	932,117	0.2	17,374,824	2.3
2003	930,534	0.3	16,979,706	2.1
2002	927,740	0.2	16,634,256	2.0
2001	925,727	0.5	16,305,100	2.0
2000 (Census)	921,495	8.2	15,982,824	23.5

Sources: University of Florida, Bureau of Economic and Business Research, Florida Population Studies.

**Pinellas County, Florida
Population Distribution by Age Group
2010-2015**

Age	2010	2015
0-4	42,349	44,879
5-17	120,539	115,721
18-24	66,823	69,592
25-54	358,333	344,949
55-64	134,399	150,065
65-79	131,384	155,817
80+	62,715	63,948

Source: University of Florida, Bureau of Economic and Business Research, Florida Population Studies, Bulletin 175, June 2016.

Pinellas County, Florida
Estimated Population Distribution by Age Group
2013-2015

<u>Age</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Under 5	42,866	42,287	41,787
5-17	116,987	117,690	118,353
18-24	66,832	68,020	68,658
25-44	215,756	212,037	209,735
45-64	285,238	282,904	281,590
65-79	156,936	150,461	144,628
80+	65,212	64,745	64,932

Source: Annual estimates of the resident population for selected age groups for the United States: January 1, 2013 to July 1, 2015, US Census Bureau Population.

County Debt

Pinellas County, Florida
General Long-Term Debt
(As of September 30, 2015)

<u>General Description</u>	<u>Outstanding Balance</u>
Sewer Revenue Bonds, Series 2003	\$ 5,215,000
Sewer Revenue Refunding Bonds, Series 2006	17,455,000
Sewer Revenue Bonds, Series 2008A	39,910,000
Sewer Revenue Refunding Bonds, Series 2008B-1	32,280,000
Sewer Revenue Refunding Bonds, Series 2011	10,430,000
Sewer Revenue Refunding Bonds, Series 2012	57,160,000
TOTAL	\$162,450,000

Source: Pinellas County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2015.

ECONOMIC CONDITIONS

The County benefits from a diverse economic base which is focused on tourism, manufacturing, high-tech industry, retirement living, construction and agriculture. The diversity of this economic base and the growth of the region have fostered the conditions for solid economic progress.

Employment

The civilian labor force of the County grew steadily through the 1990's, with a slight downward turn beginning in 2000. The unemployment rate for the County in 2015 was 4.9%. The principal employers in the County are shown below.

Principal Employers Pinellas County, Florida 2015

Employer	Employees	Rank	% of Total County Employment
Pinellas County School District	15,836	1	3.88%
Bay Pines VA Medical Center	4,459	2	1.09
All Children's Hospital	3,200	3	0.78
City of St. Petersburg	3,165	4	0.78
Pinellas County Sheriff	2,682	5	0.66
Raymond James	2,650	6	0.65
Morton Plant Hospital	2,550	7	0.62
St. Petersburg College	2,413	8	0.59
Home Shopping Network	2,150	9	0.53
Mease Hospital	2,100	10	0.51
Total Employment	41,205		

Source: Pinellas County, Florida Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015.

Tourism

The County has 35 miles of white sand beaches on the Gulf of Mexico and more than 500 miles of coastline. The County's large shoreline, along with numerous marinas and dock facilities and several yacht clubs, provide swimming, boating, fishing and other water sports.

The County provides recreational facilities for a variety of activities such as tennis courts, public swimming pools, golf courses and country clubs, city/state parks, beaches, pari-mutuel wagering and symphonies. Two of the finest beaches in the country are located at Caladesi Island State Park and Fort DeSoto Park. In 2009, the area received several accolades in the press. *Trip Advisor*, the world's largest online travel community, named Fort DeSoto Park the #1 Beach in the United States and *Fodor's* named Clearwater Beach among its Best Beach for Families in the United States. In 2011, Fort

De Soto Park was named America's best family beach by the editors of *Parents*, the nation's top selling parenting and family lifestyle magazine. The *Orlando Sentinel* named Clearwater Beach #2 among Florida's Best Single's Beaches. On March 7, 2012, St. Pete Beach was named the #1 beach destination in the United States and the #5 beach destination in the world by *TripAdvisor*. In 2013, Caladesi, Pass-a-Grille and Clearwater were voted within America's top twenty-five beaches by *TripAdvisor*. In 2014, Clearwater Beach, Caladesi Island, and St. Pete Beach made *TripAdvisor's* list of America's top twenty-five beach destinations and Fort De Soto Beach was named by *USA Today* - Best Beach for Families and Best Hidden-Gem Beach. In 2015, St. Pete Beach was named the #1 beach destination and Clearwater Beach the #8 beach destination in the United States, making St. Petersburg/Clearwater the only destination in America with two beaches in the Top 10 of *Trip Advisor's* Travelers' Choice Awards. Clearwater Beach was named #1 in the U.S. on *TripAdvisor's* list of Top Beaches for 2016 and the only beach in America to make *TripAdvisor's* list of Top 25 in the World. St. Pete Beach was also honored, coming in at #4 on the best beach spots found in the U.S.

St. Petersburg, the largest city in the County, is home to the Tampa Bay Rays major league baseball team. Various other facilities around the County host spring training for several professional baseball leagues. In 1998, the Florida International Museum located in St. Petersburg drew 830,019 visitors to its exhibit of artifacts from the Titanic, making it one of the country's top exhibitions in recent times. The City of Largo opened The Gulf Coast Museum of Art in 1999, containing permanent and traveling collections of various artists. A second phase of this facility was completed in the spring of 2000 doubling the size of the facility to 22,000 square feet, along with the opening of the Florida Botanical Gardens. The 182-acre project, called Pinewood Cultural Park, combines a cultural, historic and botanical experience at a single destination and along with other areas in the County will provide visitors with dinner theaters, restaurants and museums. The Clearwater Marine Aquarium, the home of Winter, the dolphin featured in the movies *Dolphin Tale* and *Dolphin Tale 2*, was awarded *USA Today's* 2013 Best Florida Attraction.

The Dali Museum, which opened its doors in March 1982, is an iconic beacon of the arts scene in downtown St. Petersburg, featuring the classically-based and provocatively imaginative art of Salvador Dali. The Dali Museum is the flagship of cultural tourism on the West Coast of Florida and welcomes over 200,000 visitors each year from around the world. Serving the Florida community, 10,000 students are admitted without charge annually. Its education programs produce study guides and web information for students and teachers. Two film series, lectures and concerts supplement the themes of the exhibitions. The Museum Store, one of the most dynamic in the museum world, with books and educational material as top sellers, reflects and extends the exhibition experience. A new series of small format exhibition catalogs is published to accompany the four new exhibitions mounted each year. The Dali maintains strong

partnerships with the community of St. Petersburg, the State of Florida as well as museums and educational institutions globally. As a partner with locally based corporations, the Museum is an engine for economic development in Florida.

The Mahaffey Theater in downtown St. Petersburg hosts a wide variety of events, including The Florida Orchestra, Broadway performances, dance, popular music, family entertainment, and Class Acts, a program enabling school children to experience the performing arts through in-theater performances as well as in-school outreach programs. In 2004, it was determined that the neighboring Bayfront Center Arena was no longer viable in the marketplace. The arena was demolished in December 2004, opening up space for the renovation of the Mahaffey Theater. The \$20 million project more than doubled lobby size, adding guest amenities while expanding ballroom capacity and versatility. The signature component of the renovation is a three-story glass curtain wall and atrium that looks out onto the City’s beautiful downtown waterfront. St. Petersburg's bayfront area and other areas in the County provide visitors with dinner theaters, restaurants and museums. Seven major museums are located in downtown St. Petersburg providing a wealth of cultural tourism opportunities.

In 2015, visitor lodging occupancy rates ranged from 72.8 percent to 94.1 percent during the period January to April; from 69.9 percent to 83.9 percent during the period May to August; and from 62.9 percent to 74.9 percent during the period September to December. Room occupancy has peaked in March or April every year from 1987 to 2015.

More than 6.1 million visitors vacationed in St. Petersburg/Clearwater in 2015. The following table shows the tourism rates in the St. Petersburg/Clearwater area since 2006.

**Visitors and Expenditures
Pinellas County, Florida, Calendar Years 2006-2015**

Year	Number of Visitors	Expenditures
2006	5,254,255	\$3,221,305,164
2007	5,300,220	3,336,639,430
2008	5,193,980	3,344,256,800
2009	4,991,410	3,185,979,900
2010	5,041,200	3,189,281,900
2011	5,235,200	3,391,962,600
2012	5,435,000	3,648,584,500
2013	5,579,900	3,880,540,000
2014	5,885,800	4,260,061,600
2015	6,197,500	4,646,463,700

Source: St. Petersburg/Clearwater CVB

**Average Annual Private Employment
Pinellas County, Florida
2011-2015**

Industry Sector*	2011	2012	2013	2014	2015
All Industries	356,841	363,308	371,111	377,466	389,167
Agriculture, Forestry, Fishing & Hunting	113	100	96	119	129
Mining	23	33	11	N/A	10
Utilities	394	368	403	649	676
Construction	16,904	16,937	17,138	18,293	19,297
Manufacturing	30,838	30,520	30,391	30,144	30,913
Wholesale Trade	12,358	12,521	12,671	13,040	13,189
Retail Trade	49,673	50,249	50,922	52,411	53,999
Transportation & Warehousing	6,619	6,726	7,199	7,124	7,217
Information	7,316	7,288	7,425	7,206	7,355
Finance & Insurance	20,298	20,698	20,034	19,539	19,724
Real Estate & Rental & Leasing	7,891	7,878	8,992	9,811	10,500
Professional, Scientific & Technical Services	24,306	25,294	28,386	29,026	29,746
Management Companies & Enterprises	9,682	10,332	10,954	12,980	13,746
Administration & Support	22,143	22,664	23,207	21,529	23,258
Education	23,827	23,817	24,186	24,380	24,335
Health Care & Social Assistance	67,791	68,203	67,812	68,344	69,578
Arts, Entertainment & Recreation	7,506	7,785	7,420	7,689	8,245
Accommodation & Food Services	37,915	40,276	41,904	42,848	44,781
Other Services	11,167	11,488	11,911	12,230	12,325
Unclassified	77	131	49	104	144

N/A=Not Available.

*Based on North American Industry Classification System.

Source: Florida Research and Economic Information Database Application.

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The following chart shows the labor force, employment, unemployment and unemployment rates from 2006-2015 for the County.

**Civilian Labor Force Summary
Pinellas County, Florida
2006-2015**

Year	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2006	453,148	437,883	15,265	3.4%
2007	450,329	431,617	18,712	4.2
2008	447,744	418,214	29,530	6.6
2009	440,723	393,139	47,584	10.8
2010	465,178	414,856	50,322	10.8
2011	463,993	418,950	45,043	9.7
2012	467,268	429,921	37,347	8.0
2013	470,441	439,022	31,419	6.7
2014	473,227	445,821	27,406	5.8
2015	476,203	453,092	23,111	4.9

Source: Florida Research and Economic Information Database Application.

**Building Permit Activity
Pinellas County, Florida
2006-2015
(Valuations in 000's)**

Calendar Year	Number of Units		Total Valuations
	Single Family	Multi-Family	
2006	1,786	394	\$471,088
2007	620	479	307,441
2008	416	234	135,655
2009	259	962	133,423
2010	297	398	116,312
2011	340	14	89,110
2012	488	1,072	231,249
2013	699	2,313	333,438
2014	663	1,023	307,384
2015	1,648	1,294	630,395

Source: United States Census Bureau, Building Permit Activity by County.

Unemployment Statistics 2009-2015

	Pinellas County							State of Florida						
	2009	2010	2011	2012	2013	2014	2015	2009	2010	2011	2012	2013	2014	2015
Jan	9.9	11.5	10.7	8.8	7.8	6.2	5.5	9.0	11.5	10.8	9.0	8.3	6.6	5.9
Feb	10.3	11.1	10.4	8.5	7.2	6.2	5.2	9.5	11.2	10.4	8.8	7.7	6.6	5.6
Mar	10.6	10.9	10.0	8.2	6.7	6.1	5.0	9.7	11.0	10.1	8.5	7.3	6.6	5.4
Apr.	10.4	10.5	9.6	7.7	6.4	5.5	4.7	9.5	10.6	9.7	8.1	7.0	6.0	5.2
May	10.5	10.3	9.7	8.0	6.7	5.8	5.0	10.1	10.5	9.9	8.4	7.2	6.3	5.5
Jun	11.0	10.7	10.1	8.3	7.0	5.8	4.9	10.8	11.0	10.5	9.0	7.7	6.4	5.6
Jul	11.0	10.9	10.1	8.5	6.9	6.1	5.1	11.0	11.4	10.7	9.2	7.7	6.8	5.8
Aug	11.1	11.0	9.8	8.2	6.8	6.1	4.9	11.1	11.5	10.3	9.0	7.6	6.8	5.6
Sep	11.1	10.7	9.4	7.6	6.4	5.6	4.7	11.1	11.1	9.9	8.3	7.2	6.3	5.3
Oct	11.1	10.6	9.1	7.5	6.4	5.5	4.6	11.1	10.9	9.5	8.1	7.0	6.0	5.1
Nov	11.1	11.0	8.8	7.3	6.1	5.4	4.5	10.9	11.1	9.1	7.8	6.6	5.9	5.0
Dec	11.4	10.5	8.7	7.3	5.8	5.1	4.3	11.1	10.7	9.0	7.9	6.3	5.6	4.8

Source: Florida Research and Economic Information Database Application.

Per Capita Personal Income 2005-2015

Year	Pinellas County			State of Florida		United States
	Dollars	% of Florida	% of U.S.	Dollars	% of U.S.	Dollars
2005	\$38,553	106.22%	107.38%	\$36,294	101.09%	\$35,904
2006	40,841	105.23	107.07	38,812	101.75	38,144
2007	41,771	104.57	104.90	39,945	100.31	39,821
2008	41,792	104.43	101.73	40,018	97.41	41,082
2009	39,708	105.95	100.84	37,479	95.18	39,376
2010	42,027	108.55	104.34	38,718	96.13	40,277
2011	44,549	109.90	104.94	40,538	95.49	42,453
2012	44,108	106.93	99.64	41,249	93.18	44,266
2013	44,362	107.39	99.83	41,309	92.96	44,438
2014	45,925	107.46	99.73	42,737	92.81	46,049
2015	N/A	N/A	N/A	44,101	92.52	47,669

Source: Florida Research and Economic Information Database Application.

**Pinellas County, Florida
Principal Property Taxpayers
2015 and Nine Years Ago
(amounts expressed in thousands)**

Taxpayer	Business	2015		2006	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value County	Taxable Assessed Value	Percentage of Total Taxable Assessed Value County
Duke Energy/Florida Power Corporation	Electric Utility	\$1,320,496	2.214%	\$706,732	1.124%
Verizon Florida Inc.	Phone Utility	166,890	0.280	386,857	0.615
Publix Super Market	Grocery	157,158	0.263	-	0.000
Bright House Networks LLC	Communications	151,272	0.254	163,392	0.260
Bellwether Prop Fla	Real Estate	142,630	0.239	121,397	0.193
DeBartolo (Tyrone Square, Inc.)	Shopping Mall	121,950	0.204	116,500	0.185
Raymond James & Associates, Inc.	Financial Advisor	115,356	0.193	151,781	0.241
Wal-Mart Stores East LP	Retail	100,221	0.168	-	-
Bayfront HMA Medical Center LLC	Medical Facility	72,918	0.122	-	-
USA Fed Natl Mtg Assn	Financial	65,826	0.110	-	-
Proapectt Marathon Coquina	Real Estate	-	0.000	73,011	-
Franklin Templeton	Financial Advisor	-	0.000	70,005	0.111
MT (2002) Statutory Trust	Trust	-	0.000	65,675	0.104
The Nielsen Company (US) LLC	Media Information	-	0.000	58,035	0.092
		<u>\$2,414,717</u>	<u>4.048%</u>	<u>\$1,913,385</u>	<u>2.846%</u>
Total Taxable Assessed Value		<u>\$59,650,850</u>		<u>\$62,885,450</u>	

Source: Pinellas County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2015.

FISCAL AFFAIRS OF THE COUNTY

Preparation of the Budget

The budget process for the ensuing fiscal year begins with the distribution of budget packages to departments, divisions, agencies and elected officials during the first or second week in March. Budget submissions are completed during the months of March, April and May, and are due in the Office of Management and Budget by June 1. A tentative proposed budget is presented to the Board in June.

The Board conducts a series of budget work sessions during the months of June and July. During these work sessions, the proposed expenditure budgets are reconciled to the revenue estimates provided by the Office of Management and Budget. These revenue estimates include the amounts of ad valorem taxes to be derived from 96 percent of the tentative tax roll certified by the Property Appraiser as of July 1. Within 35 days from

that date, the Board must advise the Property Appraiser of the proposed and rolled-back millage rates. Notices of proposed property taxes which include proposed and rolled-back millage rates are mailed to each taxpayer within 55 days of the date the tax roll is certified.

Within 80 days, but not earlier than 65 days after the Property Appraiser certifies the tax roll, the Board conducts a public hearing to adopt the tentative budget and millage rates. No sooner than 2 days nor later than 20 days following the first public hearing, a second public hearing is held to finally adopt the budget and millages. The millages adopted at the second public hearing cannot exceed those adopted at the first public hearing without the individual taxpayers being sent an additional notice of proposed property taxes. The maximum allowable millage for each taxing authority cannot exceed 10 mills for county-wide purposes and an additional 10 mills for municipal services in the unincorporated areas.

Ad Valorem Taxing Power

There is a 10 mill maximum ad valorem limit for both the municipal service taxing unit located in the County and the County. The 10 mill limits are applied separately.

Tax Collection

Tax collection is the responsibility of Diane Nelson, the Pinellas County Tax Collector. All property taxes are levied as of January 1, become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts are allowed for early payments of 4, 3, 2 and 1 percent in November through February, respectively. Tax certificates for the full amount of unpaid taxes must be sold no later than June 1 of each year.

Education

The Pinellas County School System operates as a separate political entity with its own taxing authority. The Pinellas County School Board is an elected body of seven members which establishes educational policy. An appointed superintendent reports to the School Board and is responsible for the administration of the System.

Four four-year colleges and universities serve the County: Florida Institute of Technology, Eckerd College, University of South Florida (with campuses in Tampa and St. Petersburg), and St. Petersburg College. Stetson University's College of Law is also located in the County. Junior/community colleges in the County include Remington College, Keiser College and Clearwater Christian College. Pinellas Technical College, St. Petersburg Vo-Tech School, Tampa Technical Institute, National Aviation Academy, Job Corps and ITT Technical Institute provide the County's students with data

processing, electronic technology, robotics/computer-aided technology and other vocational training.

Transportation

The County is served by various means of transportation. Interstate 275 ties the County to Hillsborough County to the east and to Manatee County to the south across Tampa Bay. U.S. Highways 19 and 92 provide major north-south arteries and State Road 60 is the major east-west highway. CSX provides rail freight service to the County and Amtrak provides passenger service. The County is served by various bus lines, with the Pinellas Suncoast Transit Authority alone having approximately 200 buses in service.

Two international airports, Tampa International and St. Petersburg-Clearwater International, provide the County with international and national passenger and cargo service. The County owns and operates the St. Petersburg International Airport. Albert Whitted Airport is a general aviation airport located in the City of St. Petersburg. The Board of County Commissioners adopted a Terminal Master Plan for the period 1999-2015 that will include the addition of eight second-level loading bridges to double passenger capacity at St. Petersburg-Clearwater International. Extensive improvements to the runway and navigational systems are also planned.

Research and cruise ship docking facilities are available at the Port of St. Petersburg while the Port of Tampa provides cruise ship service and an access to the world sea trade market. Fishing industry needs are served by these ports and by Port Tarpon in Tarpon Springs on the northwest coast of the County.

The current Board has determined to fund the majority of its five-year road and street needs on a "pay-as-you-go" method. The major revenue sources to fund these needs are the discretionary infrastructure sales surtax and the local option gas tax.

APPENDIX B

**EXCERPTED PAGES FROM THE AUDITED FINANCIAL STATEMENTS
OF THE SCHOOL DISTRICT OF PINELLAS COUNTY, FLORIDA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

District School Board Of Pinellas County

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2015



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRlcpa.com | blog.cricpa.com



Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRlcpa.com

INDEPENDENT AUDITORS' REPORT

To the District School Board of Pinellas County
and Dr. Michael Grego, Superintendent of Schools
Largo, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Pinellas County (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit all but one of the financial statements of the aggregate discretely presented component units, as described in Note 1 to the financial statements, which represent 96 percent, 79 percent, and 96 percent of the assets, net position, and revenues of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the aggregate discretely presented component units, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the District School Board of Pinellas County, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2014, the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

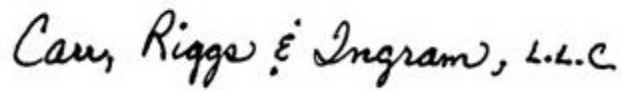
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 9, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-15 fiscal year are as follows:

- In total, net position decreased \$3.7 million during the current fiscal year from operations. Unrestricted net position decreased \$355.3 million primarily due to a restatement of beginning net position.
- General revenues total \$954.1 million or 92.9 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$73.2 million or 7.1 percent of all revenues.
- Governmental activities expenses total \$1 billion, which is a decrease of \$8.2 million from the prior year.
- Net capital assets increased by \$7.7 million from the prior year. This increase was mostly attributed to building additions and improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements ("District-wide")
- Fund financial statements
- Notes to the financial statements

In addition, this report presents certain required supplementary information, which includes this MD&A.

District School Board of Pinellas County Management’s Discussion and Analysis

The major features of the District’s financial statements, including the portion of the activities reported and the type of information contained, is shown in the following table.

MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

	District Wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire district (except fiduciary funds).	The activities of the District that is not proprietary or fiduciary.	Activities the District provides to other funds. The District's self insurance program is the only proprietary operation.	Assets held by the District in a trustee or grant capacity such as the internal accounts of the schools.
Required financial statements	Statement of net position, and statement of activities.	Balance sheet, and statement of revenues, expenditures and changes in fund balance.	Statement of net position, and statement of revenues, expenses and changes in net position, and statement of cash flows.	Statement of fiduciary net position, and statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

DISTRICT-WIDE FINANCIAL STATEMENTS

The District-wide financial statements provide both short-term and long-term information about the District’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the Primary Government presented on the accrual basis of accounting. The statement of net position provides information about the government’s financial position--and its assets and liabilities--using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the District. 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.

District School Board of Pinellas County Management's Discussion and Analysis

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

- **Governmental Activities** – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions, such as transportation and administration, are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- **Component Units** – The District presents 22 separate legal entities in this report. Although legally separate organizations, the component units are included in this report because the units meet the criteria for inclusion provided by generally accepted accounting principles.

This information should be evaluated in conjunction with other non-financial factors, such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets including its school buildings and administrative facilities.

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.

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus, rather than the economic resources measurement focus found in the District-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the District-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

District School Board of Pinellas County Management's Discussion and Analysis

The governmental fund financial statements 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 – Local Capital Improvement Fund. Data for the other governmental funds are combined into a single, aggregated presentation in the fund financial statements.

Proprietary Fund

Proprietary funds may be used to account for activities in which a fee is charged for services to support the operations of the fund. The internal service fund, a type of proprietary fund, is used to account for the District's self-insurance programs including workers' compensation, general liability, and automobile liability coverage.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties. The District uses agency funds to account for resources held for student activities and groups. Fiduciary funds are not reflected in the District-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.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position – Below is a summary of the District's net position as of June 30, 2015, as compared to June 30, 2014.

	2015	2014
Current Assets	\$ 280,487,891	\$ 311,712,951
Net Capital Assets	1,828,988,911	1,821,240,783
Total Assets	2,109,476,802	2,132,953,734
Deferred Outflows of Resources	69,355,023	38,332,811
Other Liabilities	73,874,747	70,985,648
Long-term Liabilities	401,607,188	547,294,481
Total Liabilities	475,481,935	618,280,129
Deferred Inflows of Resources	154,039,703	-
Net Position:		
Net Investment in Capital Assets	1,810,302,802	1,796,670,997
Restricted	165,990,303	195,184,146
Unrestricted (Deficit)	(426,982,918)	(71,633,501)
Total Net Position, As Restated	\$ 1,549,310,187	\$ 1,553,006,416

District School Board of Pinellas County Management's Discussion and Analysis

The largest portion of the District's net position is investment in capital assets (e.g. land, buildings, 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 capital assets are 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 District's investment in capital assets increased by \$13.6 million from the prior year as a result of several building improvement projects during the year. The calculation of investment in capital assets uses the historical cost of school buildings that may not accurately reflect the true value. The District's schools and support buildings are in excellent condition as a result of sufficient annual funds appropriated for maintenance and repair.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District's restricted net position decreased by \$29.2 million from the prior year, primarily from the use of previously restricted funds for capital projects during the year.

The unrestricted portion of the District's net position may be used to meet the District's ongoing obligation to students, employees, and creditors. The unrestricted net position decreased by \$355.4 million from the prior year primarily as a result of the restatement required as part of the District's implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Additional information on the District's proportionate share of the Florida Retirement System's net pension liability can be found in Note 14 of the notes to the financial statements.

Changes in Net position – Expenses exceeded revenues by \$3.7 million for the current year. The significant causes for this change are described below.

District-wide revenues increased by \$23.6 million from prior year. The majority of this increase was from property taxes - \$13.4 million from property taxes levied for general purposes, and \$6.2 million from property taxes levied for capital projects. Property taxes account for 48 percent of the total revenues of the District. The second largest component of revenues is unrestricted grants and contributions that account for 43.6 percent of the total revenues. These revenues are mostly received from the State of Florida through the Florida Education Finance Program (FEFP) funding formula. The FEFP utilized student enrollment data and is designed to maintain equity in funding across all Florida districts, taking into consideration the District's funding ability based on the local property tax base.

District-wide expenses decreased by \$8.2 million from the prior year. Within the Instruction function, expenses decreased by \$22.3 million, mostly as a result of recording pension adjustments of \$12.9 million in accordance with new accounting treatment for pensions. In total, these pension adjustments resulted in a decrease of \$19.7 million in District-wide expenses in the current year.

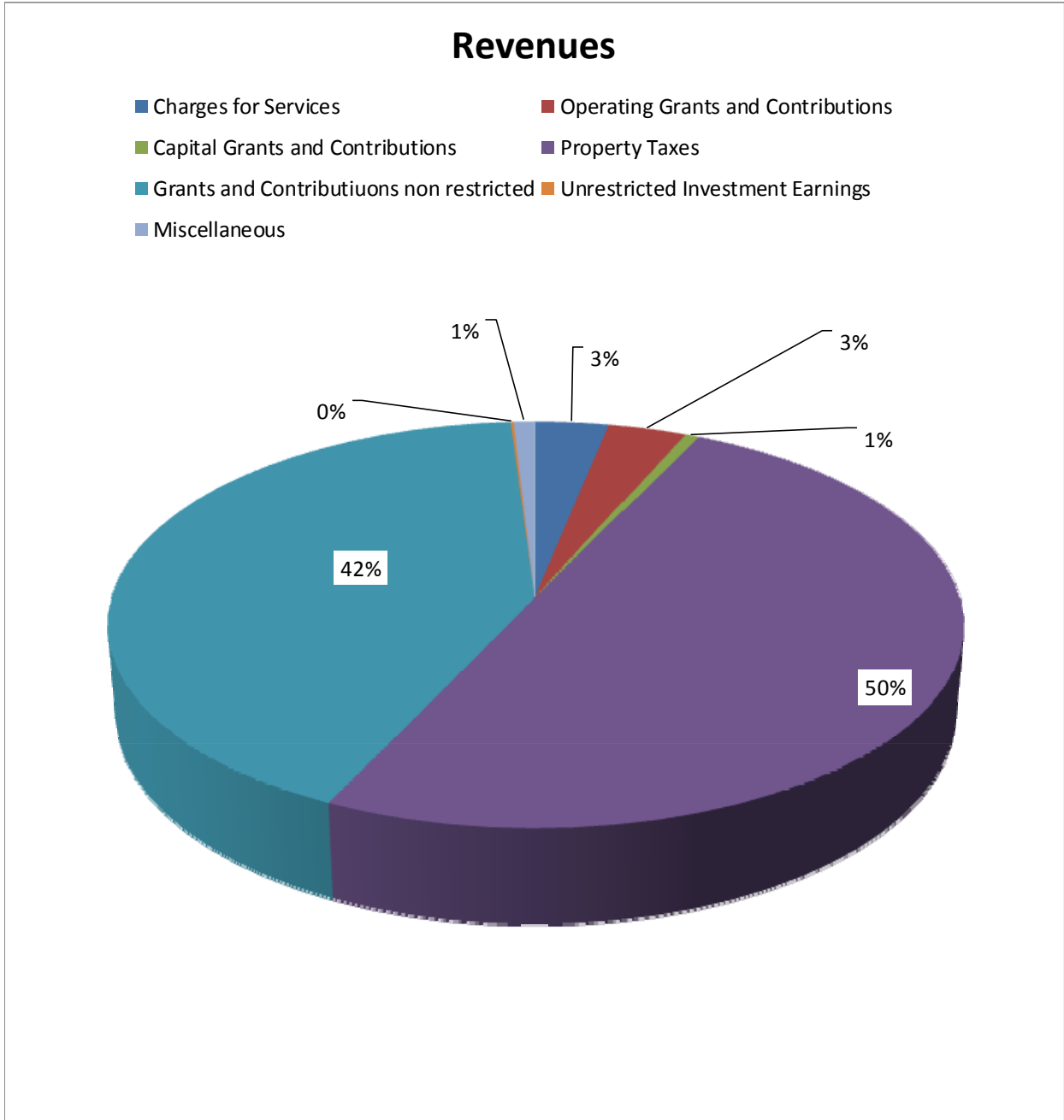
District School Board of Pinellas County Management's Discussion and Analysis

The table below shows the changes in net position for 2014 and 2015.

	<u>2015</u>	<u>2014</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 24,394,802	\$ 22,289,560
Operating Grants and contributions	40,123,436	36,096,291
Capital Grants and contributions	8,688,695	6,939,736
General Revenues		
Property taxes	494,075,074	474,409,366
Grants and contributions not restricted to specific programs	448,176,215	448,284,201
Unrestricted investment earnings (loss)	3,944,410	(1,211,202)
Miscellaneous	7,926,683	18,476,078
Total Revenues	<u>1,027,329,315</u>	<u>1,005,284,030</u>
Expenses		
Instruction	570,832,174	593,181,629
Pupil personnel services	40,079,925	40,996,083
Instructional media services	6,259,055	7,965,836
Instruction and curriculum development	19,061,663	19,647,538
Instructional staff training	21,105,869	16,285,130
Instruction related technology	9,609,853	5,229,306
School Board	8,687,142	7,306,885
General administration	5,492,609	5,002,128
School administration	53,908,821	53,367,331
Facilities acquisition and construction	26,094,134	16,547,273
Fiscal services	4,369,327	4,288,301
Food services	54,935,024	55,271,314
Central services	13,212,679	13,259,941
Pupil transportation services	33,445,681	33,996,245
Operation of plant	76,162,862	75,122,718
Maintenance of plant	21,535,794	22,292,640
Administrative technology services	4,898,836	5,509,524
Community services	4,324,051	5,686,144
Interest on long-term debt	1,591,409	1,835,837
Unallocated depreciation	48,568,304	54,286,450
Loss on disposal of capital assets	6,850,332	3,722,614
Total Expenses	<u>1,031,025,544</u>	<u>1,040,800,867</u>
Change in Net Position	(3,696,229)	(35,516,837)
Net Position Beginning, As Restated	1,553,006,416	1,955,738,479
Prior period adjustment - pension	-	(367,215,226)
Net Position Ending	<u>\$ 1,549,310,187</u>	<u>\$ 1,553,006,416</u>

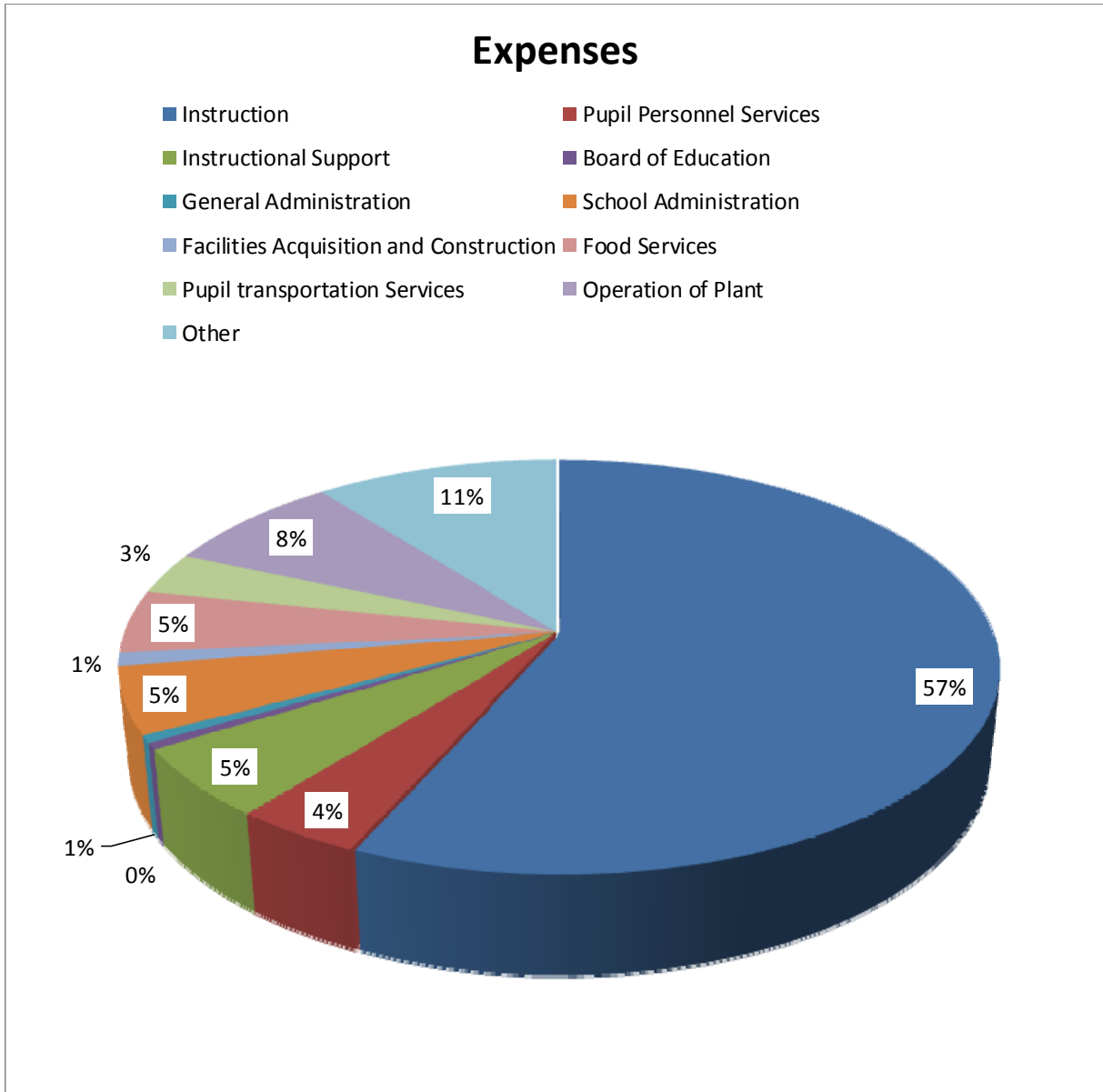
District School Board of Pinellas County
Management's Discussion and Analysis

REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES
PERIOD ENDED JUNE 30, 2015



District School Board of Pinellas County
Management's Discussion and Analysis

EXPENSES BY SOURCE – GOVERNMENTAL ACTIVITIES
PERIOD ENDED JUNE 30, 2015



District School Board of Pinellas County Management's Discussion and Analysis

FUND FINANCIAL STATEMENT ANALYSIS

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 a useful measure of 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 District completed the 2015 fiscal year with total governmental fund balances of nearly \$196.6 million, a decrease of \$30.5 million from 2014 total fund balances of \$227.1 million. Of this total, \$1.5 million is unassigned fund balance, which is available for spending at the District's discretion. The remainder of fund balance is nonspendable (\$6.5 million), restricted (\$165.7 million), and assigned (\$22.9 million). Restricted fund balance decreased by \$28.7 million as capital project funds were used in the current year.

FINANCIAL ANALYSIS OF MAJOR FUNDS

The General Fund is the District's chief operating fund. At the end of the current fiscal year, the General Fund unassigned fund balance is \$7.2 million, an increase of \$1.3 million from the prior year. Total fund balance is \$61.3 million, an increase of \$3.9 million from the prior year. The majority of this increase resulted from additional property tax revenues. As a measure of the General Fund's liquidity, it may be useful to compare the total unassigned fund balance to total expenditures. Unassigned fund balance represents .9% of total expenditures, while unassigned fund balance represents .7% of total expenditures in the prior year.

The Special Revenue – Other Federal Programs Fund had no residual fund balance as their reported revenues and expenditures offset equally every year. Total revenues increased by \$4.8 million from the prior year, with the same increase for total expenditures for federally-funded student programs.

The Capital Project – Local Capital Improvement Fund has a total fund balance of \$135.9 million, a decrease of \$30.2 million from the prior year. The total fund balance is restricted for acquisition, construction, and maintenance of capital assets. The fund balance decreased due to expenditures for new construction and renovations at school sites in the current fiscal year using previously accumulated restricted resources.

GENERAL FUND BUDGET HIGHLIGHTS

During the 2014-15 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted expenditures of \$2.8 million or .3%. Budget revisions occurred primarily from changes in estimated State funding levels. Expenditure budgets for facilities maintenance and student instruction were increased minimally.

District School Board of Pinellas County Management's Discussion and Analysis

Actual revenues were in line with final budgeted revenues; however, actual expenditures were less than final budgeted expenditures by \$6.6 million. The positive variance in expenditures was primarily due to continued cost containment measures implemented by the District, with student instruction under budget by \$2.9 million and facilities maintenance under budget by \$1.1 million.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

By the end of fiscal year 2015, the District had invested slightly more than \$1.8 billion (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, improvements and equipment. This amount represents a net increase of \$7.7 million from 2014. Total capital assets increased by \$64.0 million, mostly in buildings (\$37.4 million). Accumulated depreciation increased by \$56.3 million, which is the current year's total of depreciation expense. More detailed information concerning capital assets can be found in Note 5 of the notes to the financial statements. The following table summarizes the changes in capital assets:

	2015	2014
Land	\$ 97,335,477	\$ 97,356,174
Land Improvement-Non Depreciable	22,717,599	22,717,599
Construction in Progress	62,629,864	40,529,125
Buildings and Fixed Equipment	2,307,833,229	2,270,430,469
Relocatables	16,544,418	16,180,980
Improvements other than Building	10,774,938	8,557,966
Furniture, Fixtures and Equipment	128,711,313	127,945,658
Motor Vehicles	55,401,987	56,402,206
Audio Visual and Computer Software	10,023,666	9,480,330
Property Under Capital Lease	46,429,006	44,770,897
Total Capital Assets	2,758,401,497	2,694,371,404
Accumulated Depreciation	(929,412,586)	(873,130,621)
Total Net Capital Assets	\$ 1,828,988,911	\$ 1,821,240,783

Long-Term Debt

At June 30, 2015, the District had \$18.7 million in outstanding long-term debt from bonds payable and capital leases obligations. The total outstanding long-term debt decreased by \$5.9 million due to payment of current principal and a State debt refunding of the bonds payable. More detailed information about the District's long-term debt (including the details of the State bond refunding) is presented in Notes 7-9 of the notes to the financial statements.

**District School Board of Pinellas County
Management’s Discussion and Analysis**

The following summarizes the changes in long-term debt:

	2015		2014
General obligation debt	\$ 16,056,399	\$	19,075,000
Capital leases	2,629,710		5,494,786
	\$ 18,686,109	\$	24,569,786

SIGNIFICANT ECONOMIC FACTORS

The District continues to face funding challenges. A voter approved one-half millage referendum for operating expenditures was approved in November 2012 for a four-year period that will continue to assist in funding costs to provide quality instruction and service to the County’s growing population.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Accounting, Pinellas County District School Board, Post Office Box 2942, Largo, FL 33779-2942.

District School Board of Pinellas County Statement of Net Position

June 30,

2015

	Primary Government	
	Governmental	
	Activities	Component Units
Assets		
Cash and cash equivalents	\$ 9,189,071	\$ 4,805,473
Investments	241,464,298	-
Accounts receivable	14,353,564	631,107
Interest receivable	443,507	-
Due from other agencies	8,713,767	641,898
Inventories	4,843,857	-
Prepaid items	1,479,827	463,975
Capital assets, net	1,828,988,911	11,992,893
Total assets	2,109,476,802	18,535,346
Deferred outflows of resources		
Pension	69,355,023	-
Deferred charges	-	156,729
Total deferred outflows of resources	69,355,023	156,729
Total assets and deferred outflows of resources	\$ 2,178,831,825	\$ 18,692,075
Liabilities, deferred inflows of resources, and net position		
Salaries and wages payable	\$ 10,021,487	\$ 412,519
Payroll deductions and withholdings	40,561,808	967
Accounts payable and accrued expenses	5,804,636	2,318,384
Accrued interest payable	420,110	-
Construction contracts payable	4,942,546	-
Construction contracts retainage payable	3,418,472	-
Due to other governmental agencies	7,379,314	103,138
Unearned revenues	1,326,374	175,195
Long-term liabilities:		
Portion due within one year	19,872,714	1,447,685
Portion due after one year	381,734,474	10,756,911
Total liabilities	475,481,935	15,214,799
Deferred inflows of resources		
Pension	154,039,703	-
Total deferred inflows of resources	154,039,703	-
Net position		
Net investment in capital assets	1,810,302,802	2,064,035
Restricted for:		
Categorical carryover programs	1,516,449	-
Capital projects	425,005	19,424
Debt service	139,580,339	-
Other purposes	24,468,510	837,017
Unrestricted	(426,982,918)	556,800
Total net position	1,549,310,187	3,477,276
Total liabilities, deferred inflows of resources and net position	\$ 2,178,831,825	\$ 18,692,075

The accompanying footnotes are an integral part of these financial statements.

**District School Board of Pinellas County
Statement of Activities**

Year ended June 30,

2015

Functions/Programs	Program Revenue					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government	
			Governmental Activities	Component Units			
Primary government							
Governmental Activities							
Instruction	\$ 570,832,174	\$ 3,869,888	\$ -	\$ -	\$ -	\$ (566,962,286)	\$ -
Pupil personnel services	40,079,925	-	-	-	-	(40,079,925)	-
Instructional media services	6,259,055	-	-	-	-	(6,259,055)	-
Instruction and curriculum development	19,061,663	-	-	-	-	(19,061,663)	-
Instructional staff training	21,105,869	-	-	-	-	(21,105,869)	-
Instruction related technology	9,609,853	-	-	-	-	(9,609,853)	-
School Board	8,687,142	4,444,903	-	-	-	(4,242,239)	-
General administration	5,492,609	-	-	-	-	(5,492,609)	-
School administration	53,908,821	-	-	-	-	(53,908,821)	-
Facilities acquisition and construction	26,094,134	-	-	8,688,695	-	(17,405,439)	-
Fiscal services	4,369,327	-	-	-	-	(4,369,327)	-
Food services	54,935,024	7,096,510	40,123,436	-	-	(7,715,078)	-
Central services	13,212,679	-	-	-	-	(13,212,679)	-
Pupil transportation services	33,445,681	8,983,501	-	-	-	(24,462,180)	-
Operation of plant	76,162,862	-	-	-	-	(76,162,862)	-
Maintenance of plant	21,535,794	-	-	-	-	(21,535,794)	-
Administrative technology services	4,898,836	-	-	-	-	(4,898,836)	-
Community services	4,324,051	-	-	-	-	(4,324,051)	-
Interest on long-term debt	1,591,409	-	-	-	-	(1,591,409)	-
Unallocated depreciation/amortization	48,568,304	-	-	-	-	(48,568,304)	-
Loss on disposal of capital assets	6,850,332	-	-	-	-	(6,850,332)	-
Total governmental activities	\$ 1,031,025,544	\$ 24,394,802	\$ 40,123,436	\$ 8,688,695		(957,818,611)	-

(continued)

The accompanying footnotes are an integral part of these financial statements.

**District School Board of Pinellas County
Statement of Activities (Continued)**

Year ended June 30,

2015

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Component Units
Component Units						
Charter schools/foundations	\$ 44,791,678	\$ 1,319,511	\$ 349,832	\$ 1,782,505	-	(41,339,830)
Total component units	\$ 44,791,678	\$ 1,319,511	\$ 349,832	\$ 1,782,505	-	(41,339,830)

General revenues:

Taxes:

Property taxes, levied for general purposes	399,564,169	-
Property taxes, levied for capital projects	94,510,905	-
Local sales tax	-	38,260,265
Grants and contributions not restricted to specific programs	448,176,215	852,244
Investment earnings/(loss)	3,944,410	152
Miscellaneous	7,926,683	1,507,742
Total general revenues	954,122,382	40,620,403

Change in net position	(3,696,229)	(719,427)
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Net position - beginning, restated	1,553,006,416	4,196,703
Net position - ending	\$ 1,549,310,187	\$ 3,477,276

The accompanying footnotes are an integral part of these financial statements.

District School Board of Pinellas County Balance Sheet - Governmental Funds

June 30,

2015

		Local Capital Improvement Tax Fund	Other Federal Programs	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 9,089,773	\$ -	\$ 19,673	\$ 4,609	\$ 9,114,055
Investments	83,062,436	144,754,050	254,014	3,679,046	231,749,546
Accounts receivable, net	998,812	-	11,007,265	1,876,245	13,882,322
Interest receivable	191,993	230,245	-	3,805	426,043
Due from other funds	17,475,293	104,274	1,648,809	474,440	19,702,816
Due from other agencies	6,266,083	-	50,000	2,397,684	8,713,767
Inventory	3,915,530	-	-	928,327	4,843,857
Prepaid items	1,462,756	-	17,071	-	1,479,827
Total assets	\$ 122,462,676	\$ 145,088,569	\$ 12,996,832	\$ 9,364,156	\$ 289,912,233
Liabilities, deferred inflows of resources, and fund balances					
Liabilities:					
Salaries, benefits and payroll taxes payable	\$ 10,021,487	\$ -	\$ -	\$ -	\$ 10,021,487
Payroll deductions and withholdings	37,017,012	-	3,200,275	344,521	40,561,808
Accounts payable	2,441,189	1,482,351	1,365,906	610,232	5,899,678
Construction contracts payable	-	4,689,903	-	252,643	4,942,546
Construction contracts payable - retained percentage	806	2,930,083	-	487,583	3,418,472
Sales tax payable	8,785	-	-	-	8,785
Accrued interest payable	883	-	-	-	883
Due to other agencies	6,660,918	-	602,654	115,742	7,379,314
Due to other funds	5,040,624	60,268	6,863,706	7,634,391	19,598,989
Unearned revenue	-	-	964,291	362,083	1,326,374
Total liabilities	61,191,704	9,162,605	12,996,832	9,807,195	93,158,336
Deferred inflows of resources:					
Unavailable revenue	-	-	-	129,544	129,544
Total deferred inflows of resources	-	-	-	129,544	129,544
Fund balances:					
Nonspendable:					
Inventory	3,915,530	-	-	928,327	4,843,857
Prepaid amounts	1,462,756	-	-	-	1,462,756
Permanent funds	-	-	-	150,412	150,412
Restricted for:					
State required carryover	1,516,449	-	-	-	1,516,449
Tax levy	1,326,953	-	-	-	1,326,953
Workforce development	22,991,145	-	-	-	22,991,145
Debt service	-	-	-	425,005	425,005
Capital projects	-	135,925,964	-	3,524,832	139,450,796
Assigned to:					
General fund	22,827,700	-	-	-	22,827,700
Capital projects	-	-	-	93,577	93,577
Unassigned	7,230,439	-	-	(5,694,736)	1,535,703
Total fund balances	61,270,972	135,925,964	-	(572,583)	196,624,353
Total liabilities, deferred inflows of resources, and fund balances	\$ 122,462,676	\$ 145,088,569	\$ 12,996,832	\$ 9,364,156	\$ 289,912,233

The accompanying footnotes are an integral part of these financial statements.

District School Board of Pinellas County
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position

<i>June 30,</i>	2015
Total fund balances, governmental funds	\$ 196,624,353
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds; the cost of assets is \$2,758,401,497, and the related accumulated depreciation is \$929,412,586.	1,828,988,911
Internal service funds are used by management to charge the costs of risk management services to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(3,601,575)
Long term liabilities are not due and payable in the current period and, accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities -- both current and long-term -- are reported in the statement of net position.	
Accrued interest payable	(419,227)
Compensated absences payable	(88,925,214)
Bonds payable	(16,056,399)
Net pension liability	(262,858,684)
Postemployment healthcare benefits payable	(17,257,132)
Obligations under capital leases	(2,629,710)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources - pensions	69,355,023
Deferred inflows of resources - pensions	(154,039,703)
Deferred inflows of resources from federal and state agencies recognized as revenue in the current period.	129,544
Total net position, governmental activities	\$ 1,549,310,187

The accompanying footnotes are an integral part of these financial statements.

District School Board of Pinellas County
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

Year ended June 30,

2015

	General Fund	Local Capital Improvement Tax Fund	Other Federal Programs	Other Governmental Funds	Total Governmental Funds
Revenues					
Intergovernmental:					
Federal direct	\$ 372,059	\$ -	\$ 6,306,304	\$ -	\$ 6,678,363
Federal through state	5,041,872	-	74,623,631	43,179,445	122,844,948
State sources	358,255,614	-	-	9,079,875	367,335,489
Local sources	421,328,163	97,118,092	-	8,420,194	526,866,449
Total revenues	784,997,708	97,118,092	80,929,935	60,679,514	1,023,725,249
Expenditures					
Current:					
Instruction	538,593,138	-	38,843,323	1,414,496	578,850,957
Pupil personnel services	30,603,204	-	10,394,922	-	40,998,126
Instructional media services	6,325,977	-	867	-	6,326,844
Instructional and curriculum development	10,875,855	-	8,540,576	16,398	19,432,829
Instructional staff training	6,271,912	-	13,682,801	1,454,297	21,409,010
Instruction related technology	5,634,812	-	478,907	520,341	6,634,060
School Board	1,958,788	-	-	-	1,958,788
General administration	2,509,791	-	2,824,374	206,781	5,540,946
School administration	55,108,649	-	39,450	7,411	55,155,510
Facilities acquisition and construction	706,713	10,800	-	30,494	748,007
Fiscal services	4,378,182	-	46,714	22,087	4,446,983
Food services	281,084	-	-	54,183,941	54,465,025
Central services	12,055,784	-	1,174,528	-	13,230,312
Pupil transportation services	33,395,842	-	56,517	994	33,453,353
Operation of plant	76,683,608	-	146,744	-	76,830,352
Maintenance of plant	21,681,771	-	-	-	21,681,771
Administrative technology	4,736,091	-	219,258	-	4,955,349
Community services	778,892	-	3,551,239	-	4,330,131
Fixed capital outlay:					
Facilities acquisition and construction	385,021	89,246,915	444,699	2,981,566	93,058,201
Other capital outlay	3,174,819	-	485,016	1,819,558	5,479,393
Debt Service:					
Retirement of principal	-	4,523,758	-	3,035,000	7,558,758
Interest and fiscal charges	66,725	197,683	-	554,850	819,258
Dues, fees, and issuance costs	-	-	-	29,620	29,620
Total expenditures	816,206,658	93,979,156	80,929,935	66,277,834	1,057,393,583
Excess (deficiency) of revenues over expenditures	(31,208,950)	3,138,936	-	(5,598,320)	(33,668,334)

(continued)

The accompanying footnotes are an integral part of these financial statements.

District School Board of Pinellas County
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds (Continued)

<i>Year ended June 30,</i>	2015				
	General Fund	Local Capital Improvement Tax Fund	Other Federal Programs	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses)					
Refunding bonds issued	-	-	-	14,794,001	14,794,001
Premium on refunding bonds issued	-	-	-	1,406,879	1,406,879
Payment to refunded bond escrow agent	-	-	-	(16,507,783)	(16,507,783)
Proceeds from sale of capital assets	-	-	-	1,561,670	1,561,670
Loss recoveries	327,054	-	-	-	327,054
Obligations under capital leases	-	1,658,109	-	-	1,658,109
Transfers in	35,967,373	1,164,325	-	1,939,655	39,071,353
Transfers out	(1,164,325)	(36,122,113)	-	(1,784,915)	(39,071,353)
Total other financing sources and (uses)	35,130,102	(33,299,679)	-	1,409,507	3,239,930
Net change in fund balances	3,921,152	(30,160,743)	-	(4,188,813)	(30,428,404)
Fund balances, July 1, 2014	57,349,820	166,086,707	-	3,616,230	227,052,757
Fund balances, June 30, 2015	\$ 61,270,972	\$ 135,925,964	\$ -	\$ (572,583)	\$ 196,624,353

The accompanying footnotes are an integral part of these financial statements.

District School Board of Pinellas County

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

<i>Year ended June 30,</i>	2015
Net change in fund balances - total governmental funds:	\$ (30,428,404)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital purchases (\$104,569,668) and transfers of construction in progress (\$24,881,490) exceeds depreciation (\$63,528,048).</p>	16,160,130
<p>In the statement of activities, only the loss on the sale/disposal of capital assets is reported. The changes in the net position differs from the change in fund balance by the cost of the capital assets sold/disposed or adjusted in value.</p>	(8,412,002)
<p>The issuance of bonds and similar long-term debt provides current financial resources to the governmental funds and this contributes to the change in fund balance. In the statement of activities; however, issuing debt increases long-term liabilities but does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:</p>	
Principal payments:	7,558,758
Issuance of debt:	
Proceeds of bond refunding	(14,794,001)
Premium on bond refunding	(1,406,879)
Amortization of bond premium	(323,876)
Payments to bond refunding agent	16,507,783
Proceeds of capital lease	(1,658,109)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities; however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:</p>	
Compensated absences	544,982
Other post-employment benefits	(3,151,188)
Changes in accrued interest on long-term debt	(419,227)
<p>Under the modified accrual basis of accounting, revenues are recognized when both the measurable and available criteria have been met. Some revenues earned in the current year were not recognized since the availability criteria was not met. Under full accrual accounting, all revenues would be recognized.</p>	129,544
<p>Government funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>	
District pension contributions	41,323,028
Cost of benefits earned net of employee contributions	(21,651,165)
<p>Internal service funds are used by management to charge the cost of risk management services to other funds. The net expense of internal service funds is reported with the governmental activities.</p>	(3,675,603)
Change in net position of governmental activities	\$ (3,696,229)

The accompanying footnotes are an integral part of these financial statements.

**District School Board of Pinellas County
Statement of Net Position – Proprietary Fund**

<i>June 30,</i>	2015
	Governmental Activities - Internal Service Fund
Assets	
Cash and cash equivalents	\$ 75,016
Accounts receivable	471,242
Interest receivable	17,464
Investments	9,714,752
Total assets	\$ 10,278,474
Liabilities	
Current liabilities:	
Insurance claims payable	\$ 3,925,125
Noncurrent liabilities:	
Insurance claims payable	9,954,924
Total liabilities	13,880,049
Net position:	
Unrestricted	(3,601,575)
Total liabilities and net position	\$ 10,278,474

The accompanying footnotes are an integral part of these financial statements.

District School Board of Pinellas County
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Fund

<i>Year ended June 30,</i>	2015
	Governmental Activities - Internal Service Fund
Operating Revenues	
Premium revenues	\$ 2,969,803
Operating Expenses	
Insurance claims	6,823,070
Operating income	(3,853,267)
Nonoperating revenues	
Interest income	177,664
Change in net position	(3,675,603)
Net position - beginning	74,028
Net position - ending	\$ (3,601,575)

The accompanying footnotes are an integral part of these financial statements.

**District School Board of Pinellas County
Statement of Cash Flows – Proprietary Fund**

<i>Year ended June 30,</i>	2015
	Governmental Activities - Internal Service Fund
Cash flows from operating activities	
Cash received from General and other funds	\$ 6,420,084
Cash payments for insurance claims and fees	(6,479,002)
Payments to other funds for services received	(2,200,562)
Net cash used by operating activities	(2,259,480)
Cash flows from investing activities	
Proceeds from sales and maturities of investments	3,907,478
Purchase of investments	(1,825,670)
Interest and dividends received	177,664
Net cash provided by investing activities	2,259,472
Net decrease in cash and cash equivalents	(8)
Cash and cash equivalents, beginning of year	75,024
Cash and cash equivalents, end of year	\$ 75,016
Reconciliation of operating income to net cash used by operating activities	
Operating income	\$ (3,853,267)
Adjustments to reconcile operating income to net cash used by operating activities:	
(Increase) decrease in:	
Accounts receivable	(167,855)
Interest receivable	6,596
Due from other funds	3,611,540
Due from other agencies	64,538
Increase (decrease) in:	
Due to other funds	(2,200,562)
Insurance claims payable	279,530
Net cash provided by operating activities	\$ (2,259,480)

The accompanying footnotes are an integral part of these financial statements.

**District School Board of Pinellas County
Statement of Fiduciary Assets and Liabilities**

<i>June 30,</i>	2015
	Agency Fund
Assets	
Cash and cash equivalents	\$ 8,403,038
Other receivables	774,562
Due from other funds	191,992
Investments	152,945
Total assets	\$ 9,522,537
Liabilities	
Accounts payable	\$ 61,484
Due to other funds	319,760
Internal accounts payable	9,141,293
Total liabilities	\$ 9,522,537

The accompanying footnotes are an integral part of these financial statements.

District School Board of Pinellas County Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District School Board of Pinellas County, Florida (the District) 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. The governing body of the District is the Pinellas District School Board (the School Board), which is composed of seven elected members. The appointed Superintendent of Schools is the executive officer of the School Board. The general operating authority of the School Board and Superintendent is contained in Chapters 1000 through 1013 of the Florida Statutes. Geographic boundaries of the District correspond with those of Pinellas 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 provide for identification of any entities for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the School Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

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

Discretely Presented Component Units

The component unit columns in the basic financial statements include the financial data of the District's component units. A separate column is used to emphasize they are legally separate from the District. These component units consist of the following charter schools: The Academie Da Vinci Charter School, Inc., Alfred Adler, The Athenian Academy, Discovery Academy of Science, Enterprise High Charter School, Florida Virtual Academy at Pinellas County, MYcroSchool, Newpoint Prep, Newpoint Pinellas Academy, Pinellas Academy of Math & Science, Pinellas Preparatory Academy, Inc., Pinellas Primary, Plato Academy Charter School (Clearwater), Plato Academy of Tarpon Springs, Plato Academy (Seminole), Plato North Academy (Palm Harbor), Plato Academy South (Largo), Plato Academy (St. Petersburg), Plato Academy (East St. Petersburg), University Preparatory Academy, Windsor Preparatory Academy, and East Windsor Middle Academy.

The Charter Schools are separate not-for-profit corporations, organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charter Schools operate under charters approved by their sponsor, the Pinellas County District School Board. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District.

District School Board of Pinellas County Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (continued)

The financial data reported on the government-wide statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2015. Audits of the financial statements for the Charter Schools were conducted by independent certified public accountants and are filed in the District's administrative offices.

Government-Wide Financial Statements

Government-wide financial statements, i.e. the statement of net position and the statement of activities, present information about the District as a whole. Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Depreciation expenses, which can be associated with a specific program or activity, are allocated to the related function. The remaining depreciation expense is reported as unallocated. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

Fund Financial Statements

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

General Fund - to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

District School Board of Pinellas County Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

Other Federal Programs Fund – to account for funds received from the Federal Government directly or indirectly through the state. The Federal awards are for the enhancement of various programs.

Capital Projects – Local Capital Improvement Tax Fund (internally described as Capital Improvement Section 1011.71(2) Fund) – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects.

Additionally, the District reports the following fund types:

Proprietary Fund - to account for the District's individual self-insurance programs.

Fiduciary Fund - to account for resources of the school internal funds, which are used to administer moneys, collected at several schools in connection with school, student, athletic, class, and club activities. In addition, to account for resources held by the District as custodian for others.

Basis of Accounting

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered 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 21 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) prepaid items are generally not accrued; (2) interest on long-term debt is recognized as expenditures when due; and (3) expenditures related to liabilities reported as long-term debt are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

District School Board of Pinellas County Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (continued)

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the District's internal service fund are charges for workers' compensation, general liability, and auto liability self-insurance and claims. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds are used to account for assets held in trustee or agency capacity for others and therefore cannot be used to support the District's basic programs. The District utilizes agency funds to account for individual schools' internal funds, which are used to administer moneys collected at the schools in connection with school, student athletic, class, and club activities.

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

The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

New Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27*. The Statement improves accounting and financial reporting by State and Local governments for pensions and provides additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. The District adopted this Statement for fiscal year 2015. The effects from adoption of GASB 68 include a restatement, see Note 22, of net position and revised note disclosures and required supplementary information (RSI). These items can be found in Note 14, Note 21, and the RSI section of these statements.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB No. 68 as they related to pension contributions made subsequent to the measurement date of the beginning net pension liability. The District adopted this Statement for fiscal year 2015. The implementation of this Standard resulted in the recognition of deferred outflows of resources for pension contributions made subsequent to June 30, 2014.

District School Board of Pinellas County Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash as those accounts used as demand deposit accounts.

Cash balances from all funds are combined and invested to the extent available. Earnings are allocated monthly to each fund based on average daily balances.

Investments also include amounts in the State Board of Administration Debt Service accounts for investment of debt service moneys, amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool (Florida Prime), and those made locally.

The District's investments in Florida Prime, which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is equivalent to amortized cost.

Investments made locally consist of obligations of United States Government Agencies and Instrumentalities, domestic bonds and notes, commercial paper, bond mutual funds, and money market mutual funds. All are reported at fair value.

Accounts Receivable

The District believes that all receivable balances are fully collectible.

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on a moving average basis, except the United States Department of Agriculture surplus commodities 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 Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used, rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000. 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.

Interest costs incurred during construction of capital assets are not considered significant and are not capitalized as part of the cost of construction.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and fixed equipment	20 – 50 years
Improvements other than buildings	15 years
Furniture, fixtures and equipment	4 – 20 years
Relocatables	10 years
Motor vehicles	5 – 15 years
Audio visual materials and computer software	4 – 10 years
Property under capital leases	3 – 12 years

Long Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position.

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

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 is reported in the governmental fund financial statements only for the portion of compensated absences expected to be paid using expendable available resources.

District School Board of Pinellas County Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department), under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the Board 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's 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 5 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 categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is reserved for the unencumbered balance of categorical educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay (PECO) money, to the District on an annual basis. The District also received an allocation under the lottery-funded Public School Capital Outlay Program (commonly called Classrooms for Kids). The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department.

District Property Taxes

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

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

The School Board adopted the tax levy, for the 2014-2015 fiscal year on September 9, 2014. Taxes become an enforceable lien on property as of January 1. Tax bills are mailed in October; and taxes are payable between November 1 of the year assessed and March 31 of the following year, at discounts of up to 4 percent for early payment.

District School Board of Pinellas County Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District Property Taxes (continued)

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 School Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when the District receives taxes, except that revenue is accrued for taxes collected by the Pinellas 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 significant, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

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.

Use of Estimates

The preparation of the basic financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: BUDGETARY COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District 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.

District School Board of Pinellas County Notes to Financial Statements

NOTE 2: BUDGETARY COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (continued)

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered. Encumbrances are reported as restricted and assigned fund balance, and a detail of outstanding encumbrances at June 30, 2015, are listed in Note 11.

Appropriations are controlled at the major 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. However certain state categorical funds and other designated projects carry forward.

NOTE 3: INVESTMENTS

As of June 30, 2015, the District had the following investments and maturities:

Investment	Fair Value	Six Months or Less	Greater Than Six Months to Two Years	Greater Than Two Years to Four Years	Greater Than Four Years to Six Years
Money Market Funds	\$ 6,594,056	\$ 6,594,056	\$ -	\$ -	\$ -
SBE/COBI Bonds	425,005	-	-	-	425,005
Core Fund (Other Pooled Investments)	32,153,071	32,153,071	-	-	-
Non US Government/GSE Investments:					
Corporate Asset Backed Securities	34,217,373	18,520,916	15,696,457	-	-
Corporate Asset Backed Floating Rate Securities	3,500,245	3,500,245	-	-	-
Corporate Mortgage Backed Securities	49,232,296	20,016,262	29,216,034	-	-
Corporate Mortgage Backed Floating Rate Securities	7,800,108	-	7,800,108	-	-
Obligations of United States Government					
Treasury Bonds	60,079,650	-	30,175,800	29,903,850	-
Agencies and Instrumentalities:					
Collateralized Mortgage Obligations Corporate Bonds	36,483,786	190,446	19,951,514	12,450,755	3,891,071
Collateralized Mortgage Obligations - Floating Rate	10,978,711	-	-	10,978,711	-
Total Investments Primary Government	241,464,301	80,974,996	102,839,913	53,333,316	4,316,076
Cash held in investment accounts	6,726,605	6,726,605	-	-	-
Total funds held in investment accounts	\$ 248,190,906	\$ 87,701,601	\$ 102,839,913	\$ 53,333,316	\$ 4,316,076

NOTE 3: INVESTMENTS (Continued)

Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. District policies limit the length of investments as follows: (1) the weighted average duration of the investment portfolio shall not exceed five years and (2) the maximum duration of any security purchased shall not exceed eight years. The District uses modified duration to determine the maturity of its investments that are not money market investments, i.e. highly liquid investments.

The Florida Fixed Income Trust had weighted average days to maturity (WAM) of 824.73 days or 2.26 years at June 30, 2015. 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 of interest rate changes.

Credit Risk

The District's investments in obligations of the United States government, agencies and instrumentalities totaling \$107,695,091 are reported at fair value. An implied rating based on the sovereign rating of the US government issued debt is used. As of June 30, 2015, this rating is AAA.

Money market funds are selected with the highest credit quality rating from a nationally recognized rating agency. As of June 30, 2015, the District had investments of \$6,594,056 in the First American Government Obligations, Federated Money Market Prime Obligations, Western Asset Institutional Cash Reserve, Morgan Stanley Prime, Government and Government Securities, Goldman Sachs Financial Square and Bank of America Money Market Reserves funds. All funds are rated AAAm by Standard and Poor's and Aaa-mf by Moody's.

The District has investments with a fair value of \$32,114,690 in the Florida Fixed Income Trust Fund at June 30, 2015. This fund was rated AA-f/S1 by Standard and Poor's.

The District's non-governmental investments consisting of corporate asset backed securities, corporate asset backed floating rate securities and corporate mortgage backed securities are recorded at fair value of \$94,788,280. All funds have at least one AAA rating from Standard and Poor's, Moody's Investor Services or Dunn and Bradstreet.

District School Board of Pinellas County Notes to Financial Statements

NOTE 3: INVESTMENTS (Continued)

Custodial Credit Risk

Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

The District's investment policy addresses custodial credit risk in that all securities shall be properly designated as an asset of the Board and held in safe-keeping by a third party custodian. The District has \$215,804,032 in investment securities and money market funds that are held by the District's custodial agent in the name of the District.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy does not limit the amount the District may invest in any one issuer. The District had investments that represent 5 percent or more of total investments (excluding obligations with the explicit guarantee of the U.S. government, investment pools, and money market funds) as of June 30, 2015, as follows:

Issuer	Fair Value	Percentage of Total Investments, Primary Government
Non US Government/GSE Investments:		
Wachovia Bank Comm Mortgage Tr	\$ 21,411,942	9%
JP Morgan Chase Commercial Mortgage	21,116,820	9%
Hyundai Auto Receivables Trust	15,696,457	7%
Santander Drive Auto Receivables Tr	13,981,962	6%
Obligations of United States Instrumentalities:		
Federal Home Loan Mortgage Corporation	23,140,892	10%
Federal National Mortgage Association	14,234,164	6%

Foreign Currency Risk

The District has no investments exposed to foreign currency risk.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 4: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Interfund	
	Receivables	Payables
Major Funds:		
General	\$ 17,475,293	\$ 5,040,624
Capital Projects:		
Local Capital Improvement Section 1011.71(2)	104,274	60,268
Federal Funds	1,648,809	6,863,706
Nonmajor Governmental Funds:		
Capital Projects	-	688,915
Special Revenue	425,750	6,450,048
Federal funds (ARRA)	48,690	469,442
Permanent	-	2,045
Fiduciary funds	191,992	319,760
	<u>\$ 19,894,808</u>	<u>\$ 19,894,808</u>

Interfund balances are a result of: June charges for warehouse deliveries, central printing services and maintenance work orders; adjustment of self-insurance reserves; capital outlay transfers to the general fund; reclassifications of expenditures between capital project funds; and short-term cash flow borrowing. All balances are expected to be repaid within one year.

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

	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General	\$ 35,967,373	\$ 1,164,325
Capital Projects	1,164,325	36,122,113
Nonmajor Governmental Funds:		
Special Revenue	1,939,655	-
Capital Projects	-	1,784,915
	<u>\$ 39,071,353</u>	<u>\$ 39,071,353</u>

The \$36,122,113 transfer made from the Capital Improvement Section 1011.71(2) Fund was to cover capital outlay expenditures that were incurred in the General Fund and property liability insurance paid by the General Fund. The \$1,784,915 transfer made from the nonmajor Capital Project funds was to transfer for the sale of property and to cover capital outlay disbursements to the charter schools. The \$1,164,325 transfer made from the General Fund to the Capital Improvement Section 1101.71(2) Fund was to restore prior year costs.

District School Board of Pinellas County Notes to Financial Statements

NOTE 5: CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 97,356,174	\$ 12,968	\$ 33,665	\$ 97,335,477
Land Improvements - Non-depreciable	22,717,599	-	-	22,717,599
Construction in Progress	40,529,125	46,982,229	24,881,490	62,629,864
Total Capital Assets Not Being Depreciated	160,602,898	46,995,197	24,915,155	182,682,940
Capital Assets Being Depreciated:				
Buildings and Fixed Equipment	2,270,430,469	38,198,638	795,878	2,307,833,229
Relocatables	16,180,980	363,438	-	16,544,418
Improvements other than Building	8,557,966	2,216,972	-	10,774,938
Furniture, Fixtures and Equipment	127,945,658	14,156,686	13,391,031	128,711,313
Motor Vehicles	56,402,206	242,721	1,242,940	55,401,987
Property Under Capital Lease	44,770,897	1,658,109	-	46,429,006
Audio Visual and Computer Software	9,480,330	737,907	194,571	10,023,666
Total Capital Assets Being Depreciated	2,533,768,506	57,574,471	15,624,420	2,575,718,557
Less Accumulated Depreciation for:				
Buildings and Fixed Equipment	674,558,342	46,808,428	560,720	720,806,050
Relocatables	12,263,027	698,226	-	12,961,253
Furniture, Fixtures and Equipment	94,367,668	718,327	-	95,085,995
Improvements other than Building	3,640,044	7,846,838	5,357,905	6,128,977
Motor Vehicles	41,367,237	3,268,757	1,139,294	43,496,700
Property Under Capital Lease	38,128,779	3,630,094	-	41,758,873
Audio Visual and Computer Software	8,805,524	557,378	188,164	9,174,738
Total Accumulated Depreciation	873,130,621	63,528,048	7,246,083	929,412,586
Total Capital Assets Being Depreciated, Net	1,660,637,885	(5,953,577)	8,378,337	1,646,305,971
Governmental Activities Capital Assets, Net	\$ 1,821,240,783	\$ 41,041,620	\$ 33,293,492	\$ 1,828,988,911

The classes of property under capital leases are presented in Note 7.

**District School Board of Pinellas County
Notes to Financial Statements**

NOTE 5: CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Instruction	\$ 3,160,047
Pupil personnel services	54,101
Instructional media services	72,166
Instruction and curriculum development services	45,561
Instructional staff training	38,505
Instructional related technology	3,118,523
Board of Education	1,227
General administration	15,587
School administration	16,947
Facilities acquisition and construction	6,508,747
Fiscal services	7,086
Food service	1,012,446
Central services	208,162
Pupil transportation services	521,975
Operation of plant	75,724
Maintenance of plant	59,331
Administrative technology	42,406
Community services	1,203
Unallocated	48,568,304
	\$ 63,528,048

NOTE 6: CHANGES IN SHORT TERM DEBT

The District issued tax anticipation notes in the 2014-2015 fiscal year as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Tax anticipation notes	\$ -	\$ 85,000,000	\$ 85,000,000	\$ -
Total Governmental Activities	\$ -	\$ 85,000,000	\$ 85,000,000	\$ -

Tax anticipation notes were sold for the payment of operating expenses incurred prior to the receipt of the ad valorem taxes levied and collected for operating purposes. The notes carried an interest rate of .75%.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 7: OBLIGATIONS UNDER CAPITAL LEASES

In the current and prior years, assets were acquired through capital lease arrangements for governmental activities. These leases were for technology equipment in the amount of \$46,429,006.

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

<i>June 30,</i>	Total	Principal	Interest
2016	\$ 1,225,771	\$ 1,138,428	\$ 87,343
2017	318,122	269,344	48,778
2018	268,953	228,873	40,080
2019	268,953	236,380	32,573
2020	268,953	244,133	24,820
2021-2025	537,905	512,552	25,353
	<u>\$ 2,888,657</u>	<u>\$ 2,629,710</u>	<u>\$ 258,947</u>

The imputed interest rate is 3.28% to 7.69% on the technology leases.

NOTE 8: BONDS PAYABLE

Bonds payable at June 30, 2015, were as follows:

	Amount	Interest Rates (Percent)	Maturity
State School Bonds:			
Series 2010-A, Refunding	\$ 90,000	4.7-5.0	2021
Series 2014-B, Refunding	14,794,000	5	2020
<u>Total Bonds Payable</u>	<u>\$ 14,884,000</u>		

The State School Bonds were issued by the State Board of Education (SBE) on behalf of the District to finance capital outlay projects. 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 SBE and the State Board of Administration.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 8: BONDS PAYABLE (Continued)

During the year ended June 30, 2015, the SBE issued the Capital Outlay Refunding Bonds, 2014 Series B to advance refund the 2005 Series B Capital Outlay Bonds. The refunding bonds were issued pursuant to the Florida Constitution, to effectuate a savings in debt service costs. The maturity structure of the refunding bonds is based upon the school district's level of participation in the original bonds. The par value of the District's portion of the refunding bonds is \$14,794,000 with a premium of \$1,406,878. The current year bond amortization totaled \$234,479. The District reports this premium with the bond liability. The net savings to the State for the entire bond refunding was \$10,282,214.

Annual requirements to amortize the bond debt outstanding are as follows:

June 30,	Total	Principal	Interest
2016	\$ 5,034,607	\$ 4,250,000	\$ 784,607
2017	5,102,910	4,589,000	513,910
2018	5,132,460	4,848,000	284,460
2019	621,060	579,000	42,060
2020	616,260	603,000	13,260
2021-2025	15,750	15,000	750
	\$ 16,523,047	\$ 14,884,000	\$ 1,639,047

NOTE 9: CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental Activities:					
Compensated absences payable	\$ 89,470,196	\$10,375,682	\$ 10,920,664	\$ 88,925,214	\$10,536,854
Estimated insurance claims payable	13,600,518	2,568,466	2,288,935	13,880,049	3,925,125
Bonds payable	19,075,000	14,794,000	18,985,000	14,884,000	4,250,000
Add: Bond premium	-	1,406,878	234,479	1,172,399	-
Post employment health care benefits	14,105,944	5,985,113	2,833,925	17,257,132	-
Net pension liability	405,548,037	13,260,112	155,949,465	262,858,684	-
Obligations under capital leases	5,494,786	1,658,109	4,523,185	2,629,710	1,160,735
Total	\$547,294,481	\$50,048,360	\$195,735,653	\$401,607,188	\$19,872,714

For the governmental activities, compensated absences and other post-employment health care benefits are generally liquidated with resources of the General Fund.

District School Board of Pinellas County Notes to Financial Statements

NOTE 10: MINIMUM FUND BALANCE POLICY

The District has adopted Board Policy No. 6210 that provides for the Board to maintain an unassigned fund balance in its operating funds equal to one (1%) percent of the annual resources. To the extent resources are available; the contingency shall be incrementally increased until it reaches a maximum level of three (3%) percent of appropriations.

NOTE 11: FUND BALANCE REPORTING

The District follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, for fund balance reporting.

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

- **Nonspendable** - The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories, prepaid amounts and the fund balance for the permanent fund as nonspendable.
- **Restricted** - The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.
- **Committed** - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the district school board). These amounts cannot be used for any other purpose unless the district school board removes or changes the specified use by taking the same action it employed to previously commit the amounts. The District did not have any committed fund balances at June 30, 2015.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 11: FUND BALANCE REPORTING (Continued)

- Assigned - The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed. The District also classifies amounts as assigned that are constrained to be used for specific purposes based on actions of the Superintendent and Chief Financial Officer and not included in other categories. The DOE requires that fund balances be assigned at fiscal year-end to report an amount likely to be expended from the 2014-15 fiscal year budget as a result of purchase orders outstanding as of June 30, 2015.
- Unassigned - The portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

The following is a schedule of fund balances by category as June 30, 2015:

Description	Major Funds			
	General Fund	Capital Projects: Local Capital Improvement Tax Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance				
<i>Nonspendable:</i>				
Inventory	\$ 3,915,530	\$ -	\$ 928,327	\$ 4,843,857
Prepaid expenditures	1,462,756	-	-	1,462,756
Permanent fund	-	-	150,412	150,412
<i>Restricted for:</i>				
State required carryovers	1,516,449	-	-	1,516,449
Tax levy	1,326,953	-	-	1,326,953
Workforce development	22,991,145	-	-	22,991,145
Capital projects	-	135,925,964	3,524,832	139,450,796
Debt service	-	-	425,005	425,005
<i>Assigned for:</i>				
Encumbrances	6,604,396	-	-	6,604,396
Central printing	1,096,104	-	-	1,096,104
Carryforwards	15,127,200	-	-	15,127,200
Capital projects	-	-	93,577	93,577
<i>Unassigned:</i>	7,230,439	-	(5,694,736)	1,535,703
Total Fund Balance	\$ 61,270,972	\$ 135,925,964	\$ (572,583)	\$ 196,624,353

**District School Board of Pinellas County
Notes to Financial Statements**

NOTE 11: FUND BALANCE REPORTING (Continued)

Encumbrances are reported in the restricted and assigned fund balance. The following is a schedule of encumbrances at June 30, 2015:

Major Funds			
General Fund	Capital Projects: Local Capital Improvement Tax Fund	Other Governmental Funds	Total Governmental Funds
\$ 6,604,396	\$ 49,444,636	\$ 1,833,294	\$ 57,882,326

NOTE 12: SCHEDULE OF STATE REVENUE SOURCES

The District's State revenue for the year ended June 30, 2015 follows:

Sources	Amount
Florida Education Finance Program	\$ 210,262,218
Categorical Educational Program - Class Size Reduction	113,723,961
Workforce development program	26,204,660
Motor vehicle license tax (Capital outlay and Debt Service)	4,745,116
Florida school recognition program	3,310,718
Voluntary Pre-K	1,989,126
Charter School Capital Outlay Funding	1,636,665
Mobile home license tax	635,535
Food service supplement	565,536
Adults with disabilities	374,337
Pari-mutuel tax	369,505
District discretionary lottery funds	223,250
Miscellaneous	3,294,862
Total	\$ 367,335,489

**District School Board of Pinellas County
Notes to Financial Statements**

NOTE 13: PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2014 tax roll for the 2014-2015 fiscal year:

	Millages	Taxes Levied
General Fund:		
Nonvoted School Tax:		
Required Local Effort	5.093	\$ 332,451,772
Basic Discretionary Local Effort	0.748	48,826,610
Voted School Tax:		
Local Referendum	0.500	32,638,108
<hr/>		
Total General Fund:	6.341	413,916,490
Capital Projects Fund:		
Nonvoted Tax:		
Local Capital Improvements	1.500	97,914,325
<hr/>		
Total General And Capital Funds:	7.841	\$ 511,830,815

NOTE 14: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

All regular employees of the District are covered by the Florida Retirement System (FRS) Pension Plan and Retiree Health Insurance Subsidy (HIS) Program, two defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The Florida legislature has the authority to establish and amend retirement legislation and related bills of significance to members of the FRS and HIS plans (including benefit terms and contribution rates). Passed bills are presented to the Governor of Florida and approved before they may be enacted into law.

Plan Descriptions and Contribution Requirements

Florida Retirement System Pension Plan (FRS)

The FRS is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapters 121, Florida Statutes. FRS membership is compulsory for employers filing regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

District School Board of Pinellas County Notes to Financial Statements

NOTE 14: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Florida Retirement System Pension Plan (FRS) (Continued)

The FRS has several classes of membership applicable to the District, including regular class, senior management, and DROP. Retirees receive a lifetime pension benefit with joint and survivor payment options. The FRS provides retirement, disability, and death benefits and annual cost-of-living adjustments. Benefits vest at six years, or number of years of service. The FRS also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. Benefits are computed on the basis of age, average final compensation and service credit.

DROP was established effective July 1, 1998, subject to provisions of Section 121.091, Florida Statutes. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payment while continuing employment with a Florida Retirement system employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Retiree Health Insurance Subsidy Program (HIS)

The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 122.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year end June 30, 2014, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$160 per month, pursuant to section 122.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

The FRS and HIS financial information is included in the Florida Retirement System (System) Pension Plan and Other State-Administered Systems' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. The System CAFR, including audited financial information to support the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, are available online at: http://dms.myflorida.com/workforce_operations/retirement/publications.

The System CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Contributions
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll-free 877-377-1737

**District School Board of Pinellas County
Notes to Financial Statements**

NOTE 14: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Contributions Requirements

The contribution rates for FRS and HIS members are established, and may be amended, by the State of Florida. The District is required to contribute at an actuarially determined rate. These rates are percentages of annual covered payroll. The FRS and HIS contribution rates were as follows:

Class or Plan	Year ended June 30,		
	2015	2014	2013
Florida Retirement System:			
Regular	7.37	6.95	5.18
County Elected Officers	43.24	33.03	10.23
Senior Management Service Class	21.14	18.31	6.30
Special Risk	19.82	19.06	14.90
Re-employed Retiree	7.37	6.95	5.18
DROP	12.28	12.84	5.44

Rates include 1.26% for HIS, and 0.04% for Administrative fee for 2015; 1.20% for HIS and .03% for Administrative fee for 2014.

Employees contribute 3% of their salary, except for members of DROP.

The District's contributions recognized during the fiscal year ended June 30, 2014 by the FRS and HIS were \$31,964,507 and \$6,368,304, respectively.

FRS and HIS Collective Net Pension Liability

Basis for Accounting

Information about the FRS and HIS assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position can be found in the System CAFR. The System CAFR is available online or can be obtained as mentioned previously. The FRS and HIS fiduciary net position and additions to/deductions from the fiduciary net position have been determined based on the System's records, which utilize the flow of economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable. Investments are reported at fair value. Contributions are recognized as revenue when due, pursuant to statutory and contractual requirements. There have been no significant changes since the publication of the System CAFR.

District School Board of Pinellas County Notes to Financial Statements

NOTE 14: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Actuarial Methods and Assumptions

Actuarial assumptions for both the FRS and HIS are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually and the HIS has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for the FRS and HIS was determined by an actuarial valuation as of July 1, 2014 using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables. Both the discount rate and long-term expected rate of return used for FRS investments is 7.65%. The FRS 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. Because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 4.29% was used to determine its total pension liability. In September 2014, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. As of June 30, 2014, the FRS long-term rate of return decreased from 7.75% to 7.65% and the municipal rate used by HIS decreased from 4.63% to 4.29%. The inflation rate assumption was decreased from 3.00% to 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%.

Long-term Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in September 2014 the FRS Actuarial Assumption Conference reviewed assumptions by Milliman's capital markets assumption team. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 14: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.00%	3.11%
Intermediate - Term Bonds	18.00%	4.18%
High Yield Bonds	3.00%	6.79%
Broad US Equities	26.50%	8.51%
Developed Foreign Equities	21.20%	8.66%
Emerging Market Equities	5.30%	11.58%
Private Equity	6.00%	11.80%
Hedge Funds/Absolute Return	7.00%	5.81%
Real Estate (Property)	12.00%	7.11%
Total	100.00%	

District's Share of Net Pension Liability

Employers participating in the FRS and HIS were provided pension allocation schedules for use in recording their proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The underlying financial information used to prepare the pension allocation schedules is based on the same basis as mentioned previously.

At June 30, 2015, the District reported a net pension liability of \$262,858,684 for its proportionate share of the collective net pension liability of the FRS and HIS. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations dated July 1, 2014.

The District's proportionate share was calculated using accrued retirement contributions for employees that were members of the FRS and HIS during fiscal years 2012-13 and 2013-14. The aggregate employer contribution amounts for the year ended June 30, 2013 agree to the employer contribution amounts reported in the State of Florida CAFR. The aggregate employer contribution amounts for the fiscal year ended June 30, 2014 agree to the employer contribution amounts reported in the System CAFR. The fiscal year ended June 30, 2014 was the first year the System issued a separate CAFR.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 14: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

The District's proportionate share was applied to the collective net pension liability of FRS and HIS and other pension amounts applicable to the fiscal year to calculate the District's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. The following table presents information on the District's proportionate share of the FRS and HIS.

	<u>FRS</u>	<u>HIS</u>	<u>District Total</u>
Proportionate Share of Net Pension Liability at June 30, 2014	\$ 89,037,769	\$ 173,820,915	\$ 262,858,684
District's proportion at June 30, 2014	0.0145928	0.0185900	
District's proportion at June 30, 2013	0.0142315	0.0184419	
Change in proportion during current year	0.0003613	0.0001481	

For the year ended June 30, 2015, the District recognized pension expense of \$21,651,165. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>FRS</u>	<u>HIS</u>	<u>District Total</u> <u>Deferred Outflow/</u> <u>(Deferred Inflow)</u>
Differences between expected and actual experience	\$ (5,509,925)	\$ -	\$ (5,509,925)
Change of assumption	15,419,860	6,185,237	21,605,097
Net difference between projected and actual investment earnings	(148,529,778)	83,439	(148,446,339)
Changes in proportion	5,233,076	1,110,383	6,343,459
District contributions subsequent to the measurement date	34,311,339	7,011,689	41,323,028
Total	\$ (99,075,428)	\$ 14,390,748	\$ (84,684,680)

District School Board of Pinellas County
Notes to Financial Statements

NOTE 14: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Deferred outflows of resources of \$41,323,028 are reported by the District for employer contributions subsequent to the measurement date and 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 as pension expense as follows:

<i>Fiscal Year Ending June 30,</i>	FRS	HIS	District Total Deferred Outflow/ (Deferred Inflow)
2016	\$ (34,275,272)	\$ 1,197,573	\$ (33,077,699)
2017	(34,275,272)	1,197,573	(33,077,699)
2018	(34,275,272)	1,197,573	(33,077,699)
2019	(34,275,272)	1,197,573	(33,077,699)
2020	2,857,173	1,176,713	4,033,886
Thereafter	857,149	1,412,055	2,269,204
Total	\$ (133,386,766)	\$ 7,379,060	\$ (126,007,706)

Discount Rate Sensitivity Analysis

The following tables demonstrate the sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The sensitivity shows the impact if the discount rate was 1.0% higher or 1.0% lower than the current discount rate at June 30, 2014.

FRS Net Pension Liability			HIS Net Pension Liability		
Current			Current		
1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
6.65%	7.65%	8.65%	3.29%	4.29%	5.29%
\$ 380,826,364	\$ 89,037,769	\$(153,674,666)	\$ 197,707,216	\$ 173,820,915	\$ 153,882,690

NOTE 15: TAX DEFERRAL PLANS AND OTHER BENEFITS

The District allows employees to participate in 401(a) and 403(b) qualified retirement plans. Participation is required for employees that are retiring, terminating or entering DROP and have accumulated at least \$2,500 of eligible terminal leave benefits. Contributions to the plan are made on a pre-tax basis. The maximum plan contribution cannot exceed 100% of plan year compensation or \$52,000, whichever is less. Federal income taxes on this compensation are deferred until distributions are taken. Employee contributions to the 401(a) plan were \$9,826,463 and employee contributions to the 403(b) were \$1,645,307 for the period ended June 30, 2015.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 15: TAX DEFERRAL PLANS AND OTHER BENEFITS (Continued)

The District offers eligible employees participation in an optional tax deferred annuity and 457 program. The Internal Revenue Service, under code section 403(b), allows employees of School Boards to defer a portion of their income from Federal income tax. The deferred earnings are placed in an investment vehicle selected by the employee, with the principal and interest tax deferred until withdrawn. The contributions for the tax deferred annuity 403(b) and 457 for the fiscal year ended June 30, 2015 were \$8,969,536 and \$1,774,392, respectively. In addition, the District has available a Roth 403(b) that employees may elect. Contributions to the Roth 403(b) totaled \$1,517,765 for 2015.

The District makes contributions to employee's health insurance payments based upon elected coverage. The total amount contributed on behalf of the employees, for the year ended June 30, 2015 was \$89,575,674.

NOTE 16: CONSTRUCTION CONTRACT COMMITMENTS

The District had the following construction contract commitments at June 30, 2015:

Project	Contract Amount	Encumbered Amount	Completed To Date	Balance Committed
Azalea Middle School - Building Envelope	\$ 9,226,366	\$ 487,794	\$ 1,158,226	\$ 7,580,346
Largo High School - Replacement Facility	34,485,514	9,378,005	14,262,246	10,845,263
Palm Harbor University High School - New Classrooms	14,100,474	2,794,459	8,810,580	2,495,435
Pinellas Park Elementary School	5,330,381	670,762	854,926	3,804,693
East Lake Middle School - New School	7,990,006	1,594,827	4,049,776	2,345,403
Other Projects (1)	23,356,834	2,350,705	18,471,151	2,534,978
Total	\$ 94,489,575	\$ 17,276,552	\$ 47,606,905	\$ 29,606,118

Note: (1) Individual projects with current commitment balances under \$900,000 at June 30, 2015.

District School Board of Pinellas County Notes to Financial Statements

NOTE 17: 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, students, or visitors; and natural disasters. The District contracts with a third party administrator that adjusts workers compensation and liability claims, subrogates claims, represents the District in mediations, and assists attorneys with litigation.

The District partners with an insurance broker to obtain insurance coverage for losses that are not appropriate for the District to fully retain as self-insured exposures. The insurance purchased provides coverage for losses in excess of the workers' compensation, liability and property deductibles as well as coverage, subject to a deductible, for other losses, which may occur from employment practices, errors and omissions and employee dishonesty, etc. This insurance protection limits the District's risk and financial exposure and provides protection from lawsuits.

At June 30, 2015, a liability of \$13,880,049 was recorded for estimated insurance claims payable for claims incurred but not reported for worker's compensation, general liability and vehicle liability. The estimated insurance claims payable was recorded using the gross method, which was actuarially determined.

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

	Beginning of Year	Claims	Claims Payments	End of Year
2014	\$ 14,055,574	\$ 3,611,541	\$ (4,066,597)	\$ 13,600,518
2015	13,600,518	6,823,071	(6,543,540)	13,880,049

Property protection, boiler and machinery, errors and omissions, employment practices liabilities, employee dishonesty, and other coverage's deemed necessary by the Board are provided through purchased commercial insurance with deductibles for each line of coverage. In addition, health, dental, life and income protection coverage for District employees were offered through purchased commercial insurance.

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

The assets, liabilities, net position and activity of the risk management process are initially run through the District's Internal Service Fund. The Internal Service Fund charges the other funds of the District for their respective portions of the claims. From time to time the fund may run a deficit. Over a reasonable amount of time the District will charge this deficit through to all other funds of the District. As of June 30, 2015 the Internal Service Fund has a negative net position of \$3,601,575.

District School Board of Pinellas County Notes to Financial Statements

NOTE 18: POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's fully insured group health plan. The District subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher cost to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

The Postemployment Health Care Benefits Plan does not issue a stand-alone report and is not included in the report and is not included in the report of a Public Employee Retirement System (PERS) or another entity.

Funding Policy

For the Postemployment Health Care Benefits Plan, contribution requirements of the District are established and may be amended through action from the Board. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2014-2015 fiscal year, the District provided required contributions of \$2,833,925 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance payments, and net of retiree contributions totaling \$5,057,096. Required contributions are based on projected pay-as-you-go financing.

**District School Board of Pinellas County
Notes to Financial Statements**

NOTE 18: POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

<i>Fiscal Year Ending June 30,</i>	2015
Normal Cost	\$ 3,415,037
Amortization of Unfunded Accrued Liability	2,281,758
Interest	227,872
Annual Required Contribution	5,924,667
Interest on Net OPEB Obligation (NOO)	564,238
Amortization of NOO	(503,792)
Total Expense or Annual OPEB Cost (AOC)	5,985,113
Actual Contribution Toward OPEB Cost	(2,833,925)
Increase in NOO	3,151,188
NOO Beginning of Year	14,105,944
NOO End of Year	\$ 17,257,132

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2015 and the two preceding years, are as follows:

Fiscal Year	AOC	Contribution	Percent of AOC Contributed	NOO
2012/2013	\$ 5,410,299	\$ 2,275,442	42.1%	\$ 11,468,589
2013/2014	5,349,441	2,712,086	50.7%	14,105,944
2014/2015	5,985,113	2,833,925	47.3%	17,257,132

Funded Status and Funding Progress

As of June 30, 2015, the actuarial accrued liability for benefits was \$54,742,166, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$54,742,166. The covered payroll (annual payroll for active participating employees) was \$578,437,319 for the fiscal year 2014-2015, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.5%.

NOTE 18: POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about the future employment and termination, mortality and the health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of health benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included an interest rate of 4 percent, a payroll growth rate of 3.5 percent per year, general inflation of 2.5 percent, and an annual healthcare cost trend rate of 8.0 percent initially for the 2014-15 fiscal year, reduced to an ultimate rate of 5.0 percent for the fiscal year ending June 30, 2025.

The initial unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of the projected payroll on a closed basis over 30 years. The remaining amortization period on the initial unfunded actuarial accrued liability as of June 30, 2015 was 22 years.

NOTE 19: LITIGATION

The District is a party to several lawsuits and claims, which it is vigorously defending. Such matters arise out of the normal course of its operation, some of which are covered by insurance policies. While the results of litigation cannot be predicted with certainty, management believes the final outcome of such litigation will not have a significant adverse effect on the District's financial position.

District School Board of Pinellas County
Notes to Financial Statements

NOTE 20: GRANTS AND CONTRACTS

The District participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement of these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable Federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from a Federal audit may become a liability of the District. The District does not believe that any significant liabilities would result from any review of its expenditures of Federal programs.

NOTE 21: SUBSEQUENT EVENT

The District entered into a capital lease agreement subsequent to June 30, 2015. The capital lease agreement was for the acquisition of buses totaling \$7,079,120 financed over a ten year period with a 1.91% interest rate.

NOTE 22: CHANGE IN ACCOUNTING PRINCIPLES

In 2015, the District implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27* and also GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68*. Upon adoption of these statements, the District’s proportionate share of the collective net pension liability and deferred outflows for contributions were recorded, resulting in a restatement of beginning net position for governmental activities as shown in the table below:

Elements of Adjustment:	Governmental Activities
Proportionate Share of Net Pension Liability	\$ (405,548,037)
Deferred Outflows - Pension Contributions	38,332,811
Adjustment to Net Position	\$ (367,215,226)
Elements of Restatement:	
Net Position - Beginning of Year	\$ 1,920,221,642
Adjustment to Net Position from GASB 68	(367,215,226)
Net Position - Beginning of Year as Restated	\$ 1,553,006,416

District School Board of Pinellas County Budget to Actual Comparison Schedule: General Fund

Year ended June 30,

2015

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues					
Intergovernmental:					
Federal direct	\$ 320,000	\$ 372,059	\$ 372,059	\$ -	
Federal through state	2,513,870	5,041,872	5,041,872	-	
State sources	373,194,620	358,255,614	358,255,614	-	
Local sources	414,583,105	421,328,164	421,328,163	(1)	
Total revenues	790,611,595	784,997,709	784,997,708	(1)	
Expenditures					
Instruction	539,900,426	541,482,423	538,593,138	2,889,285	
Pupil personnel services	32,796,105	30,709,944	30,603,204	106,740	
Instructional media services	7,381,059	6,357,632	6,325,977	31,655	
Instructional and curriculum development	10,969,257	10,955,122	10,875,855	79,267	
Instructional staff training	5,926,399	6,306,737	6,271,912	34,825	
Instruction related technology	4,589,768	5,634,812	5,634,812	-	
Board of education	2,489,191	1,971,645	1,958,788	12,857	
General administration	2,330,674	2,573,431	2,509,791	63,640	
School administration	54,193,963	55,544,652	55,108,649	436,003	
Facilities acquisition and construction	1,929,866	1,319,563	706,713	612,850	
Fiscal services	4,034,930	4,426,247	4,378,182	48,065	
Food services	71,266	281,085	281,084	1	
Central services	11,786,703	12,702,522	12,055,784	646,738	
Pupil transportation services	33,134,062	33,420,242	33,395,842	24,400	
Operation of plant	76,877,241	77,126,360	76,683,608	442,752	
Maintenance of plant	21,882,783	22,771,402	21,681,771	1,089,631	
Administrative technology services	5,349,770	4,821,782	4,736,091	85,691	
Community services	758,111	778,893	778,892	1	
Fixed capital outlay:					
Facilities acquisition and construction	385,021	385,021	385,021	-	
Other capital outlay	3,174,820	3,174,820	3,174,819	1	
Debt Service:					
Interest and fiscal charges	-	66,725	66,725	-	
Total expenditures	819,961,415	822,811,060	816,206,658	6,604,402	
Excess (deficiency) of revenues over expenditures	(29,349,820)	(37,813,351)	(31,208,950)	6,604,401	
Other financing sources (uses)					
Loss recoveries	200,000	327,055	327,054	1	
Transfers in	33,000,000	35,967,373	35,967,373	-	
Transfers out	-	(1,164,325)	(1,164,325)	-	
Total other financing sources and (uses)	33,200,000	35,130,103	35,130,102	1	
Net change in fund balances	3,850,180	(2,683,248)	3,921,152	6,604,400	
Fund balances - beginning	57,349,820	57,349,820	57,349,820	-	
Fund balances - ending	\$ 61,200,000	\$ 54,666,572	\$ 61,270,972	\$ 6,604,400	

**District School Board of Pinellas County
Budget to Actual Comparison Schedule: Other Federal Programs**

Year ended June 30,

2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal direct	\$ 4,139,083	\$ 9,743,521	\$ 6,306,304	\$ (3,437,217)
Federal through state	72,505,739	95,098,672	\$ 74,623,631	(20,475,041)
Total revenues	76,644,822	104,842,193	80,929,935	(23,912,258)
Expenditures				
Current:				
Instruction	43,699,504	56,056,248	38,843,323	17,212,925
Pupil personnel services	7,897,830	10,027,302	10,394,922	(367,620)
Instructional media services	-	868	867	1
Instructional and curriculum development	7,331,286	10,355,724	8,540,576	1,815,148
Instructional staff training	11,676,386	16,492,010	13,682,801	2,809,209
Instruction related technology	378,854	478,244	478,907	(663)
Board of education	-	-	-	-
General administration	2,536,819	2,907,345	2,824,374	82,971
School administration	43,188	80,375	39,450	40,925
Facilities acquisition and construction	-	-	-	-
Fiscal services	55,288	46,937	46,714	223
Food services	-	-	-	-
Central services	857,625	1,464,438	1,174,528	289,910
Pupil transportation services	49,947	60,194	56,517	3,677
Operation of plant	54,573	170,872	146,744	24,128
Maintenance of plant	-	-	-	-
Administrative technology services	443,261	356,254	219,258	136,996
Community services	690,546	5,415,667	3,551,239	1,864,428
Fixed capital outlay:				
Facilities acquisition and construction	444,699	444,699	444,699	-
Other capital outlay	485,016	485,016	485,016	-
Total expenditures	76,644,822	104,842,193	80,929,935	23,912,258
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**District School Board of Pinellas County
Schedule of Funding Progress for Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Entry Age	Accrued	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/12	\$ -	\$ 49,237,265		\$49,237,265	0.00%	\$557,282,119	8.8%
7/1/13	-	48,500,382		48,500,382	0.00%	570,224,300	8.5%
7/1/14	-	54,742,166		54,742,166	0.00%	578,437,319	9.5%

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

To the District School Board of Pinellas County
and Dr. Michael Grego, Superintendent of Schools
Largo, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District School Board of Pinellas County (District) as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 9, 2016. Our report includes a reference to other auditors who have audited the financial statements of certain charter schools included as discretely presented component units as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies: 2015-001 and 2015-002.

Compliance and Other Matters

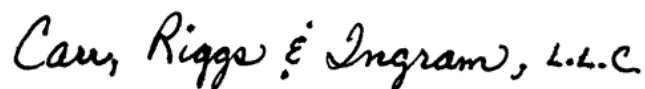
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

District School Board of Pinellas County's Response to Findings

The District's response and corrective action plan to the findings identified in our audit are listed on page 80. We did not audit the District's responses and, accordingly, we express no opinion on the response.

Purpose of this Report

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



CARR, RIGGS, & INGRAM, LLC

Miramar Beach, Florida
March 9, 2016

APPENDIX C

**EXCERPTED PAGES FROM THE SUPERINTENDENT'S
ANNUAL FINANCIAL REPORT (UNAUDITED)
OF THE SCHOOL DISTRICT OF PINELLAS COUNTY, FLORIDA
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Annual Financial Report 2015-2016



***Pinellas County Schools
Largo, Florida***

DISTRICT SCHOOL BOARD OF PINELLAS COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-16 fiscal year are as follows:

- In total, net position increased \$37.6 million during the current fiscal year from operations.
Unrestricted net position increased \$35.7 million from the prior year.
- General revenues total \$973.5 million or 91.3% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$93.2 million or 8.7% of all revenues.
- Governmental activities expenses total \$1 billion, which is a decrease of \$2.0 million from the prior year.
- Net capital assets increased by \$30.1 million from the prior year. This increase was mostly attributed to building additions and improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements ("District-wide")
- Fund financial statements
- Notes to the financial statements

In addition, this report presents certain required supplementary information, which includes this MD&A.

The major features of the District's financial statements, including the portion of the activities reported and the type of information contained, is shown in the following table.

MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

	District Wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary.	Activities the District provides to other funds. The District's self insurance program is the only proprietary operation.	Assets held by the District in a trustee or grant capacity such as the internal accounts of the schools.
Required financial statements	Statement of net position, and statement of activities.	Balance sheet, and statement of revenues, expenditures and changes in fund balance.	Statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.	Statement of fiduciary assets and liabilities.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

DISTRICT-WIDE FINANCIAL STATEMENTS

The District-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, deferred outflows of resources (deferred outflows), liabilities and deferred inflows of resources (deferred inflows)--using an economic resources measurement focus. The net position is the difference between the assets, deferred outflows, liabilities and deferred inflows; and is a measure of the financial health of the District. 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.

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

- **Governmental Activities** – This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions, such as transportation and administration, are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- **Component Units** – The District presents 23 separate legal entities in this report. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles.

This information should be evaluated in conjunction with other non-financial factors, such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets including its school buildings and administrative facilities.

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.

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental funds utilize a current financial resources measurement focus rather than the economic resources measurement focus found in the District-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the District-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental fund financial statements 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 - Local Capital Improvement Fund. Data for the other governmental funds are combined into a single, aggregated presentation in the fund financial statements.

Proprietary Funds

Proprietary funds may be used to account for activities in which a fee is charged for services to support the operations of the fund. The internal service funds, a type of proprietary fund, are used to account for the District's self-insurance programs including employee healthcare and prescription program, workers' compensation, general liability, and automobile liability coverage.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties. The District uses agency funds to account for resources held for student activities and groups. Fiduciary funds are not reflected in the District-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.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide information that is essential for a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found directly following the basic financial statements in this report.

OTHER SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents other required supplementary information (RSI). This RSI includes information regarding the District's accounting for participation in the Florida Retirement System, and its provision of postemployment health care benefits. The RSI can be found directly following the notes to the financial statements in this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position – Below is a summary of the District's net position as of June 30, 2016, as compared to June 30, 2015.

	Governmental Activities	
	2016	2015
Other Assets	\$ 285,336,798	\$ 280,487,891
Net Capital Assets	1,859,105,518	1,828,988,911
Total Assets	2,144,442,316	2,109,476,802
Deferred Outflows of Resources	92,487,713	69,355,023
Other Liabilities	68,726,910	73,874,747
Long-term Liabilities	524,789,295	401,607,188
Total Liabilities	593,516,205	475,481,935
Deferred Inflows of Resources	56,456,870	154,039,703
Net Position:		
Net Investment in Capital Assets	1,835,503,699	1,810,302,802
Restricted	142,718,738	165,990,303
Unrestricted (Deficit)	(391,265,483)	(426,982,918)
Total Net Position	\$ 1,586,956,954	\$ 1,549,310,187

The largest portion of the District's net position is investment in capital assets (e.g. land, buildings, 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 capital assets are 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 District's investment in capital assets increased by \$25.2 million from the prior year as a result of several building improvement projects during the year. The calculation of investment in capital assets uses the historical cost of school buildings that may not accurately reflect the true value. The District's schools and support buildings are in excellent condition as a result of sufficient annual funds appropriated for maintenance and repair.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The District's restricted net position decreased by \$23.3 million from the prior year, primarily from the use of previously restricted funds for capital projects during theyear.

The unrestricted portion of the District's net position may be used to meet the District's ongoing obligation to students, employees, and creditors. The unrestricted net position increased by \$35.7 million from the prior year primarily due to effective budgeting for operational expenses.

Changes in Net Position - Revenues exceeded expenses by \$37.6 million for the current year. The significant causes for this change are described below.

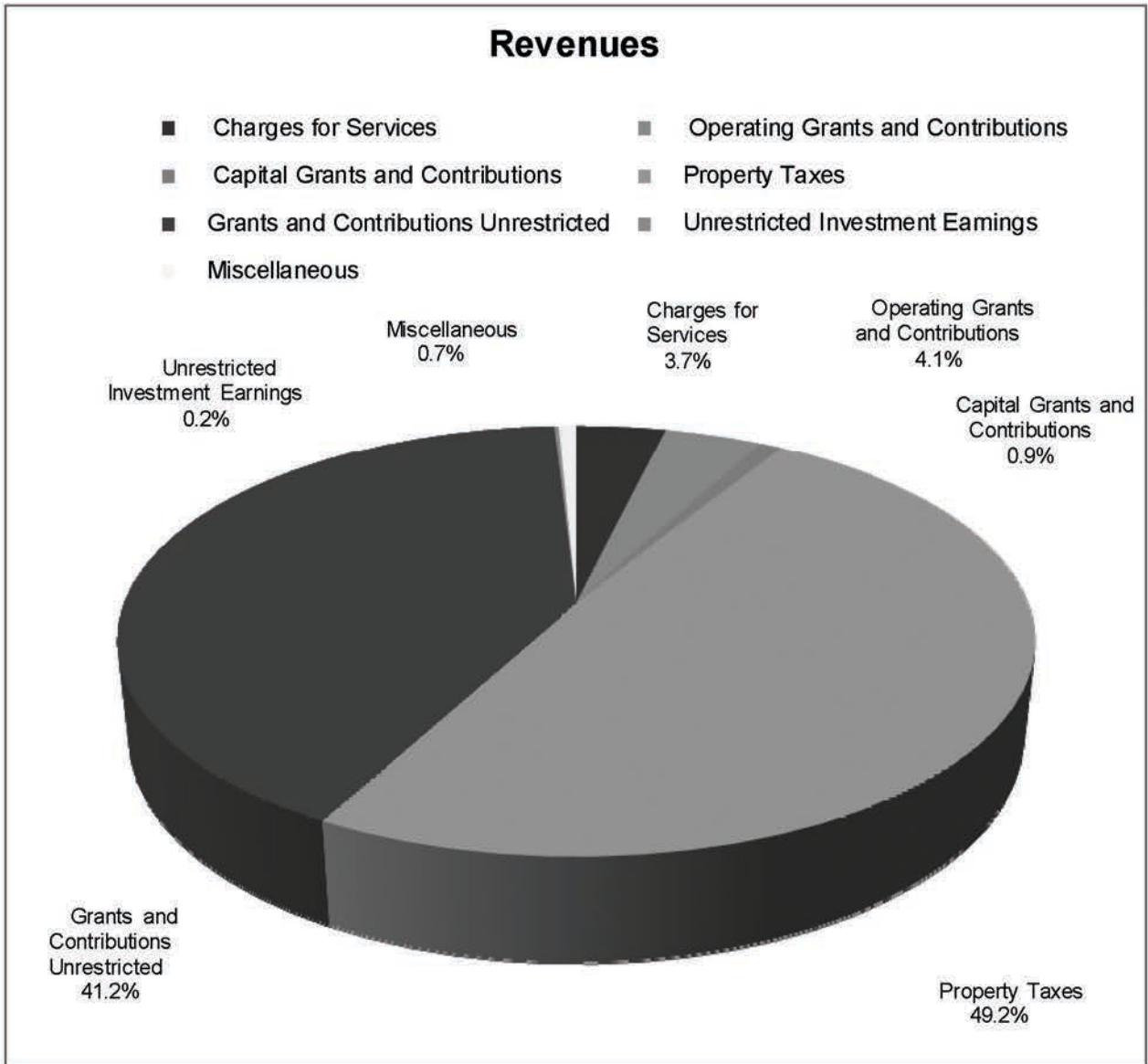
District-wide revenues increased by \$39.4 million from the prior year. The majority of this increase was from property taxes - \$23.6 million from property taxes levied for general purposes, and \$6.7 million from property taxes levied for capital projects. Property taxes account for 49.2% of the total revenues of the District. Charges for services increased by \$15.4 million mostly from the activities of the self-insurance programs. The second largest component of revenues is unrestricted grants and contributions that account for 41.2% of the total revenues. These revenues are mostly received from the State of Florida through the Florida Education Finance Program (FEFP) funding formula. The FEFP utilizes student enrollment data and is designed to maintain equity in funding across all Florida districts, taking into consideration the District's funding ability based on the local property tax base.

District-wide expenses decreased by \$2.0 million from the prior year. Within the Instruction function, expenses increased by \$16.4 million that resulted from additional staffing costs. Facilities acquisition and construction decreased by \$13.0 million that resulted from minimal non-capitalized costs within the current year.

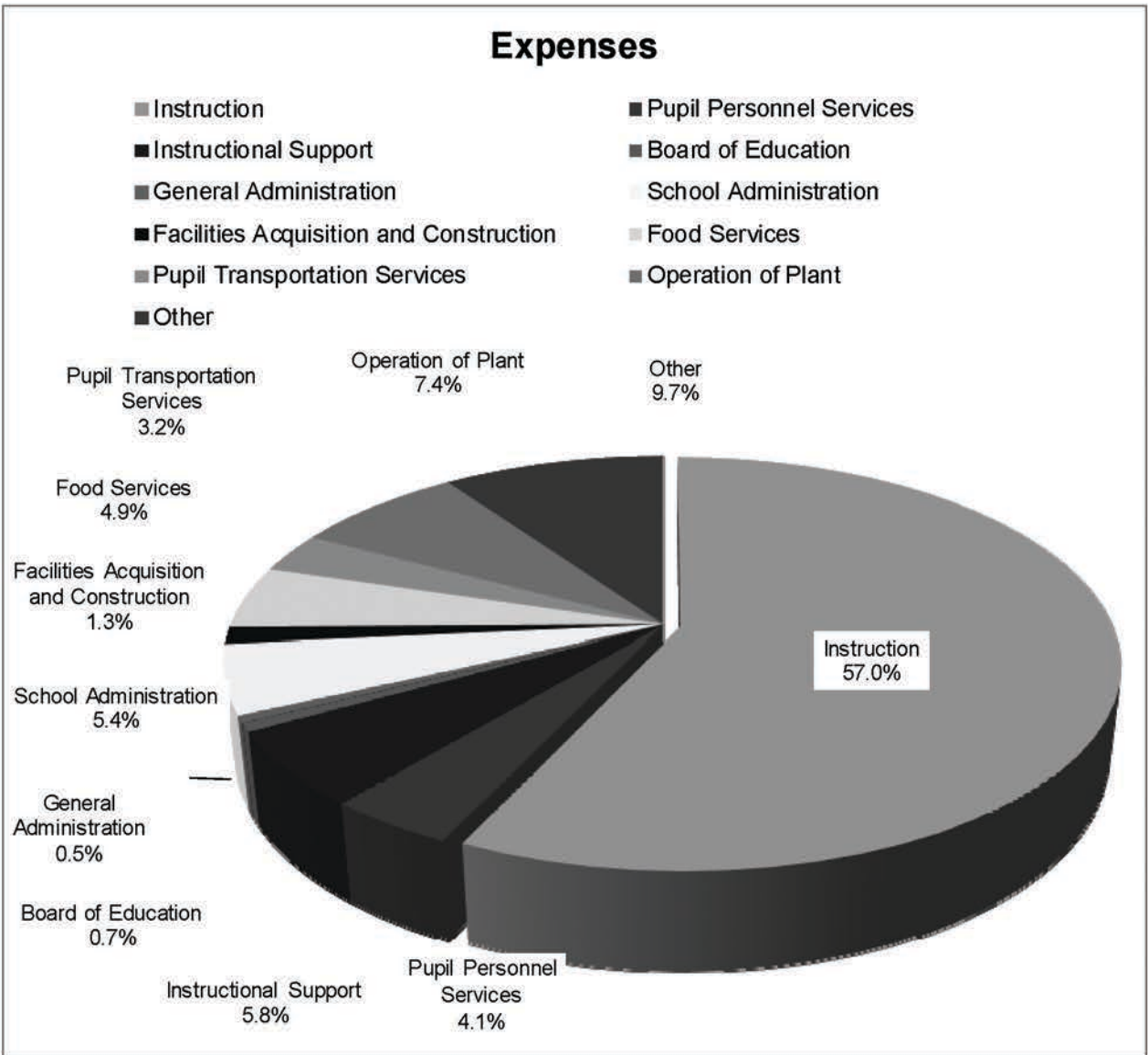
The table below shows the changes in the District's net position for 2016 and 2015.

	Governmental Activities	
	2016	2015
Revenues		
Program Revenues:		
Charges for services	\$ 39,757,209	\$ 24,394,802
Operating grants and contributions	43,818,711	40,123,436
Capital grants and contributions	9,639,231	8,688,695
General Revenues:		
Property taxes, levied for general purposes	423,137,619	399,564,169
Property taxes, levied for capital projects	101,226,309	94,510,905
Grants and contributions not restricted to specific programs	439,306,948	448,176,215
Unrestricted investment earnings (loss)	2,058,204	3,944,410
Miscellaneous	7,769,179	7,926,683
Total Revenues	1,066,713,410	1,027,329,315
Expenses		
Instruction	587,206,137	570,832,174
Pupil personnel services	41,701,718	40,079,925
Instructional media services	6,567,978	6,259,055
Instruction and curriculum development	21,055,089	19,061,663
Instructional staff training	21,228,368	21,105,869
Instruction related technology	11,123,407	9,609,853
School Board	6,841,710	8,687,142
General administration	5,545,943	5,492,609
School administration	55,391,784	53,908,821
Facilities acquisition and construction	13,148,019	26,094,134
Fiscal services	4,020,507	4,369,327
Food services	50,691,765	54,935,024
Central services	14,181,696	13,212,679
Pupil transportation services	32,492,609	33,445,681
Operation of plant	76,501,339	76,162,862
Maintenance of plant	21,272,078	21,535,794
Administrative technology services	4,715,806	4,898,836
Community services	4,745,486	4,324,051
Interest on long-term debt	707,791	1,591,409
Unallocated depreciation	49,082,908	48,568,304
Loss on disposal of capital assets	844,505	6,850,332
Total Expenses	1,029,066,643	1,031,025,544
Change in Net Position	37,646,767	(3,696,229)
Net Position Beginning, As Restated	1,549,310,187	1,553,006,416
Net Position Ending	\$ 1,586,956,954	\$ 1,549,310,187

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES
Year Ended June 30, 2016



**EXPENSES BY FUNCTIONAL GROUP – GOVERNMENTAL
ACTIVITIES
Year Ended June 30, 2016**



FUND FINANCIAL STATEMENTS ANALYSIS

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 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 District completed the 2016 fiscal year with total governmental fund balances of nearly \$183.4 million, a decrease of \$13.2 million from 2015 total fund balances of \$196.6 million. Of this total, \$11.4 million is unassigned fund balance, which is available for spending at the District's discretion. The remainder of fund balance is nonspendable (\$5.2 million), restricted (\$142.5 million), and assigned (\$24.3 million). Restricted fund balance decreased by \$23.2 million as capital projects funds were used in the current year.

FINANCIAL ANALYSIS OF MAJOR FUNDS

The General Fund is the District's chief operating fund. At the end of the current fiscal year, the General Fund unassigned fund balance is \$15.4 million, an increase of \$8.2 million from the prior year. Total fund balance is \$68.3 million, an increase of \$7.0 million from the prior year. The majority of this increase resulted from additional property tax revenues. As a measure of the General Fund's liquidity, it may be useful to compare the total unassigned fund balance to total expenditures. Unassigned fund balance represents 1.8% of total expenditures, while unassigned fund balance represented .9% of total expenditures in the prior year.

The Capital Project - Local Capital Improvement Fund has a total fund balance of \$113.3 million, a decrease of \$22.6 million from the prior year. The total fund balance is restricted for the acquisition, construction, and maintenance of capital assets. The fund balance decreased due to expenditures for new construction and renovations at school sites in the current fiscal year using previously accumulated restricted resources.

GENERAL FUND BUDGET HIGHLIGHTS

During the 2015-16 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted expenditures of \$18.6 million or 2.2%. Budget revisions occurred primarily from changes in estimated State funding levels. Expenditure budgets for facilities operations and student instruction were increased by \$2.8 million and \$12.1 million, respectively for funding level changes.

Actual revenues were in line with final budgeted revenues; however, actual expenditures were less than final budgeted expenditures by \$6.7 million. The positive variance in expenditures was primarily due to continued cost containment measures implemented by the District, with student instruction under budget by \$3.1 million and facilities maintenance under budget by \$1.3 million.

CAPITAL ASSETS AND LONG-TERM DEBT CAPITAL ASSETS

By the end of fiscal year 2016, the District had invested slightly more than \$1.9 billion (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, improvements and equipment. This amount represents a net increase of \$30.1 million from 2015. Total capital assets increased by \$84.5 million, mostly in buildings (\$72.3 million). Accumulated depreciation increased by \$54.4 million, in line with the prior year's increase from depreciation expense. More detailed information concerning capital assets can be found in Note 5 of the notes to the financial statements. The following table summarizes the changes in capital assets:

	2016	2015
Land	\$ 97,335,477	\$ 97,335,477
Land Improvement-Non Depreciable	22,717,599	22,717,599
Construction in Progress	66,950,118	62,629,864
Improvements other than Building	11,318,492	10,774,938
Buildings and Fixed Equipment	2,380,145,009	2,307,833,229
Relocatables	16,544,418	16,544,418
Furniture, Fixtures and Equipment	136,253,788	128,711,313
Motor Vehicles	55,609,877	55,401,987
Property Under Capital Lease	15,741,102	16,472,409
Audio Visual and Computer Software	10,306,531	10,023,666
	<hr/>	<hr/>
Total Capital Assets	2,812,922,411	2,728,444,900
	<hr/>	<hr/>
Accumulated Depreciation	(953,816,893)	(899,455,989)
	<hr/>	<hr/>
Total Net Capital Assets	\$ 1,859,105,518	\$ 1,828,988,911

LONG-TERM DEBT

At June 30, 2016, the District had \$18.9 million in outstanding long-term debt from bonds payable and capital lease obligations. The total outstanding long-term debt decreased by \$.2 million due to payment of current principal and addition of \$6.4 million in capital leases for acquisition of buses. More detailed information about the District's long-term debt is presented in Notes 7, 8, and 9 of the notes to the financial statements.

The following summarizes the changes in long-term debt:

	2016	2015
Bonds payable	\$ 11,571,920	\$ 16,056,399
Capital leases payable	7,319,097	2,629,710
	<hr/>	<hr/>
	\$ 18,891,017	\$ 18,686,109

SIGNIFICANT ECONOMIC FACTORS

The District continues to face funding challenges. A voter approved one-half millage referendum for operating expenditures was approved in November 2012 for a four-year period that will continue to assist in funding costs to provide quality instruction and service to the County's growing population.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Accounting, Pinellas County District School Board, Post Office Box 2942, Largo, FL 33779-2942.

DISTRICT SCHOOL BOARD OF PINELLAS COUNTY
STATEMENT OF NET POSITION

June 30, 2016

Exhibit B-1
Page 2

	Account Number	Primary Government			Component Units		Total Nonmajor Component Units
		Governmental Activities	Business-Type Activities	Total	Major Component Unit Name	Major Component Unit Name	
ASSETS							
Cash and Cash Equivalents	1110	7,248,387.00		7,248,387.00	0.00	0.00	1,022,254.32
Investments	1160	245,813,043.00		245,813,043.00	0.00	0.00	504,605.51
Taxes Receivable, Net	1120			0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	12,217,424.00		12,217,424.00	0.00	0.00	54,178.14
Interest Receivable on Investments	1170	270,945.00		270,945.00	0.00	0.00	0.00
Due From Other Agencies	1220	12,365,780.00		12,365,780.00	0.00	0.00	0.00
Due From Insurer	1180			0.00	0.00	0.00	0.00
Deposits Receivable	1210			0.00	0.00	0.00	103,013.96
Internal Balances				0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114			0.00	0.00	0.00	0.00
Section 1011.13, F.S. Loan Proceeds	1420			0.00	0.00	0.00	0.00
Inventory	1150	5,055,748.00		5,055,748.00	0.00	0.00	0.00
Prepaid Items	1230	2,365,471.00		2,365,471.00	0.00	0.00	31,178.83
Long-Term Investments	1460			0.00	0.00	0.00	0.00
Prepaid Insurance Costs	1430			0.00	0.00	0.00	13,031.31
Other Postemployment Benefits Asset	1410			0.00	0.00	0.00	0.00
Pension Asset	1415			0.00	0.00	0.00	0.00
Capital Assets							
Land	1310	97,335,477.00		97,335,477.00	0.00	0.00	656,200.36
Land Improvements - Nondepreciable	1315	22,717,599.00		22,717,599.00	0.00	0.00	0.00
Construction in Progress	1360	66,950,118.00		66,950,118.00	0.00	0.00	0.00
Nondepreciable Capital Assets		187,003,194.00	0.00	187,003,194.00	0.00	0.00	656,200.36
Improvements Other Than Buildings	1320	11,318,492.00		11,318,492.00	0.00	0.00	318,473.02
Less Accumulated Depreciation	1329	(5,112,937.00)		(5,112,937.00)	0.00	0.00	(11,199.08)
Buildings and Fixed Equipment	1330	2,396,689,427.00		2,396,689,427.00	0.00	0.00	4,287,773.40
Less Accumulated Depreciation	1339	(782,171,951.00)		(782,171,951.00)	0.00	0.00	(588,041.85)
Furniture, Fixtures and Equipment	1340	136,255,788.00		136,255,788.00	0.00	0.00	697,113.45
Less Accumulated Depreciation	1349	(105,460,072.00)		(105,460,072.00)	0.00	0.00	(538,597.48)
Motor Vehicles	1350	55,609,877.00		55,609,877.00	0.00	0.00	10,150.00
Less Accumulated Depreciation	1359	(42,764,596.00)		(42,764,596.00)	0.00	0.00	(362.50)
Property Under Capital Leases	1370	15,741,102.00		15,741,102.00	0.00	0.00	0.00
Less Accumulated Depreciation	1379	(8,879,989.00)		(8,879,989.00)	0.00	0.00	0.00
Audiovisual Materials	1381	71,595.00		71,595.00	0.00	0.00	0.00
Less Accumulated Depreciation	1388	(60,175.00)		(60,175.00)	0.00	0.00	0.00
Computer Software	1382	10,234,936.00		10,234,936.00	0.00	0.00	0.00
Less Accumulated Amortization	1389	(9,367,173.00)		(9,367,173.00)	0.00	0.00	(55,129.78)
Depreciable Capital Assets, Net		1,672,102,324.00	0.00	1,672,102,324.00	0.00	0.00	4,120,179.18
Total Capital Assets		1,859,105,518.00	0.00	1,859,105,518.00	0.00	0.00	4,776,379.54
Total Assets		2,144,442,316.00	0.00	2,144,442,316.00	0.00	0.00	6,504,641.61
DEFERRED OUTFLOWS OF RESOURCES							
Accumulated Decrease in Fair Value of Hedging Derivatives	1910			0.00	0.00	0.00	0.00
Net Carrying Amount of Debt Refunding	1920			0.00	0.00	0.00	0.00
Pension	1940	92,487,713.00		92,487,713.00	0.00	0.00	0.00
Other Postemployment Benefits	1950			0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		92,487,713.00	0.00	92,487,713.00	0.00	0.00	0.00
LIABILITIES							
Cash Overdraft	2125			0.00	0.00	0.00	125,028.59
Accrued Salaries and Benefits	2110	9,947,096.00		9,947,096.00	0.00	0.00	23,653.94
Payroll Deductions and Withholdings	2170	37,653,676.00		37,653,676.00	0.00	0.00	0.00
Accounts Payable	2120	7,638,915.00		7,638,915.00	0.00	0.00	39,024.09
Sales Tax Payable	2260	11,020.00		11,020.00	0.00	0.00	0.00
Current Notes Payable	2250			0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	256,039.00		256,039.00	0.00	0.00	0.00
Deposits Payable	2220			0.00	0.00	0.00	0.00
Due to Other Agencies	2230	7,902,946.00		7,902,946.00	0.00	0.00	0.00
Due to Fiscal Agent	2240			0.00	0.00	0.00	0.00
Pension Liability	2115			0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116			0.00	0.00	0.00	0.00
Judgments Payable	2130			0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	1,183,121.00		1,183,121.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	3,527,681.00		3,527,681.00	0.00	0.00	0.00
Estimated Unpaid Claims - Self-Insurance Program	2271			0.00	0.00	0.00	0.00
Estimated Liability for Claims Adjustment	2272			0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280			0.00	0.00	0.00	0.00
Unearned Revenues	2410	606,416.00		606,416.00	0.00	0.00	0.00
Noncurrent Liabilities							
<i>Portion Due Within One Year:</i>							
Notes Payable	2310			0.00	0.00	0.00	72,128.80
Obligations Under Capital Leases	2315	867,445.00		867,445.00	0.00	0.00	43,087.13
Bonds Payable	2320	4,589,000.00		4,589,000.00	0.00	0.00	5,031,258.37
Liability for Compensated Absences	2330	10,549,655.00		10,549,655.00	0.00	0.00	0.00
Lease-Purchase Agreements Payable	2340			0.00	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	2350	7,088,833.00		7,088,833.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2360			0.00	0.00	0.00	0.00
Net Pension Liability	2365			0.00	0.00	0.00	0.00
Estimated PECO Advance Payable	2370			0.00	0.00	0.00	0.00
Other Long-Term Liabilities	2380			0.00	0.00	0.00	0.00
Derivative Instrument	2390			0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280			0.00	0.00	0.00	0.00
Due Within One Year		23,094,933.00	0.00	23,094,933.00	0.00	0.00	5,146,474.30
<i>Portion Due After One Year:</i>							
Notes Payable	2310			0.00	0.00	0.00	102,586.97
Obligations Under Capital Leases	2315	6,451,652.00		6,451,652.00	0.00	0.00	94,043.29
Bonds Payable	2320	6,982,920.00		6,982,920.00	0.00	0.00	0.00
Liability for Compensated Absences	2330	80,141,588.00		80,141,588.00	0.00	0.00	0.00
Lease-Purchase Agreements Payable	2340			0.00	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	2350	18,292,226.00		18,292,226.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2360	20,987,595.00		20,987,595.00	0.00	0.00	0.00
Net Pension Liability	2365	368,838,381.00		368,838,381.00	0.00	0.00	0.00
Estimated PECO Advance Payable	2370			0.00	0.00	0.00	0.00
Other Long-Term Liabilities	2380			0.00	0.00	0.00	0.00
Derivative Instrument	2390			0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280			0.00	0.00	0.00	0.00
Due in More than One Year		501,694,362.00	0.00	501,694,362.00	0.00	0.00	196,630.26
Total Long-Term Liabilities		524,789,295.00	0.00	524,789,295.00	0.00	0.00	5,343,104.56
Total Liabilities		593,516,205.00	0.00	593,516,205.00	0.00	0.00	5,530,811.18
DEFERRED INFLOWS OF RESOURCES							
Accumulated Increase in Fair Value of Hedging Derivatives	2610			0.00	0.00	0.00	0.00
Deficit Net Carrying Amount of Debt Refunding	2620			0.00	0.00	0.00	0.00
Deferred Revenue	2630			0.00	0.00	0.00	0.00
Pension	2640	56,456,870.00		56,456,870.00	0.00	0.00	0.00
Other Postemployment Benefits	2650			0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		56,456,870.00	0.00	56,456,870.00	0.00	0.00	0.00
NET POSITION							
Net Investment in Capital Assets	2770	1,835,503,699.00		1,835,503,699.00	0.00	0.00	(210,699.76)
Restricted For:							
Categorical Carryover Programs	2780	2,384,832.00		2,384,832.00	0.00	0.00	0.00
Food Service	2780			0.00	0.00	0.00	0.00
Debt Service	2780	259,017.00		259,017.00	0.00	0.00	0.00
Capital Projects	2780	117,394,600.00		117,394,600.00	0.00	0.00	0.00
Other Purposes	2780	22,680,289.00		22,680,289.00	0.00	0.00	485,465.51
Unrestricted	2790	(391,265,483.00)		(391,265,483.00)	0.00	0.00	699,064.68
Total Net Position		1,586,956,954.00	0.00	1,586,956,954.00	0.00	0.00	973,830.43

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	Acct	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary Government							
Governmental Activities:							
Instruction	5000	\$ 587,206,137	\$ 4,569,485	\$ -	\$ -	\$ (582,636,652)	\$ -
Pupil personnel services	6100	41,701,718	-	-	-	(41,701,718)	-
Instructional media services	6200	6,567,978	-	-	-	(6,567,978)	-
Instruction and curriculum development	6300	21,055,089	-	-	-	(21,055,089)	-
Instructional staff training	6400	21,228,368	-	-	-	(21,228,368)	-
Instruction related technology	6500	11,123,407	-	-	-	(11,123,407)	-
School Board	7100	6,841,710	18,349,744	-	-	11,508,034	-
General administration	7200	5,545,943	-	-	-	(5,545,943)	-
School administration	7300	55,391,784	-	-	-	(55,391,784)	-
Facilities acquisition and constructor	7400	13,148,019	-	-	9,639,231	(3,508,788)	-
Fiscal services	7500	4,020,507	-	-	-	(4,020,507)	-
Food services	7600	50,691,765	7,272,909	43,818,711	-	399,855	-
Central services	7700	14,181,696	-	-	-	(14,181,696)	-
Pupil transportation services	7800	32,492,609	9,565,071	-	-	(22,927,538)	-
Operation of plant	7900	76,501,339	-	-	-	(76,501,339)	-
Maintenance of plant	8100	21,272,078	-	-	-	(21,272,078)	-
Administrative technology services	8200	4,715,806	-	-	-	(4,715,806)	-
Community services	9100	4,745,486	-	-	-	(4,745,486)	-
Interest on Long-term Debt	9200	707,791	-	-	-	(707,791)	-
Unallocated depreciation/amortization expense		49,082,908	-	-	-	(49,082,908)	-
Loss on disposal of capital assets		844,505	-	-	-	(844,505)	-
Total Governmental Activities		\$ 1,029,066,643	\$ 39,757,209	\$ 43,818,711	\$ 9,639,231	(935,851,492)	-
Component Units:							
Charter Schools/Foundations		\$ -	\$ -	\$ -	\$ -	-	-
General Revenues:							
Taxes:							
Property taxes, levied for general purposes						423,137,619	-
Property taxes, levied for capital projects						101,226,309	-
Grants and contributions not restricted to specific programs						439,306,948	-
Investment earnings (loss)						2,058,204	-
Miscellaneous						7,769,179	-
Total General Revenues						973,498,259	-
Change in Net Position						37,646,767	-
Net Position - Beginning						1,549,310,187	-
Net Position - Ending						\$ 1,586,956,954	\$ -

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

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

	Account Number	General 100	Food Services 410	Other Federal Programs 420	Federal Economic Stimulus Programs 430	Miscellaneous Special Revenue 490	SBE/COB1 Bonds 210	Special Act Bonds 220	Sections 00114 & 00115, F.S., Loans 230	Motor Vehicle Revenue Bonds 240
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES										
ASSETS										
Cash and Cash Equivalents	1110	5,652,141.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	1120	963,824.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Items	1130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	1,054,566.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	152,976.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	7,848,305.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	9,676,129.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Special Services Agents	1150	3,810,576.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Items	1230	4,499.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-Term Investments	1460	125,022,921.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets		125,022,921.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED OUTFLOWS OF RESOURCES										
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		125,022,921.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
LIABILITIES										
Cash Overdraft	2125	48,759.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	9,987,096.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	34,174,292.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	2120	3,191,181.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Other Agencies	2160	11,618,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Internal Funds	2150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Interest Payable	2200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	7,239,960.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	2,119,729.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll Liability	2115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Revenue	2150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Interest Revenue	2410	56,737,283.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Inflows of Resources	2610	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Increase in Fair Value of Hedging Derivatives	2630	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FUND BALANCES										
Nonspendable:										
Inventory	2711	3,810,576.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Items	2712	4,499.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for:	2713	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2715	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Nonspendable Fund Balances	2710	3,815,076.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for:										
Economic Stabilization	2721	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	2,384,831.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for	2729	1,220,188.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for	2729	21,309,681.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Restricted Fund Balances	2720	24,914,701.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Committed to:										
Economic Stabilization	2731	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	2733	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Committed Fund Balances	2730	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned to:										
Special Revenue	2741	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned for	2749	344,135,842.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned for	2749	244,135,842.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assigned Fund Balances	2740	588,271,685.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Unassigned Fund Balances	2750	15,419,419.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fund Balances	2700	68,285,040.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities, Deferred Inflows of Resources and Fund Balances		125,022,921.38	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.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	Account Number	District Bonds 250	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299	Capital Outlay Bond Issues (COBI) 310	Special Act Bonds 320	Sections 101.114 & 101.115, F.S., Loans 330	Public Education Capital Outlay (PECO) 340	District Bonds 350
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
ASSETS									
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	1120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Items	1130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment Receivable, Net	1131	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1220	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1141	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Peach Service Agents	1150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	1154	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED OUTFLOWS OF RESOURCES									
Accumulated Increase in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES									
Cash Overdraft	2125	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Notes Payable	2130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract Payable	2150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Post-employment Benefits Liability	2116	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intergovernmental Benefits Liability	2130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Matured Funds Payable	2180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Revenue	2410	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED INFLOWS OF RESOURCES									
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FUND BALANCES									
Nonspendable:									
Inventory	2711	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Items	2712	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Travel	2713	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Nonspendable Fund Balances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for:									
Economic Stabilization	2721	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Restricted Fund Balances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Committed to:									
Economic Stabilization	2731	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	2733	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Committed for	2738	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Committed Fund Balances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned to:									
Special Revenue	2741	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Remainder Fund	2744	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assigned Fund Balances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Unassigned Fund Balances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fund Balances		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities, Deferred Inflows of Resources and Fund Balances		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.
ESE 145

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

	Account Number	Capital Outlay and Debt Service 360	Nonvoted Capital Improvement Fund 370	Voted Capital Improvement Fund 380	Other Capital Projects 390	ARMA Economic Stimulus Capital Projects 399	Permanent Fund 000	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
	1110	0.00	0.00	0.00	0.00	0.00	0.00	24,145.04	5,676,286.64
	1120	0.00	0.00	0.00	0.00	0.00	0.00	2,238,454.00	2,204,575.00
	1130	0.00	120,983,232.31	0.00	0.00	0.00	0.00	0.00	11,882,619.21
	1131	0.00	0.00	0.00	0.00	0.00	0.00	10,828,352.96	2,363.30
	1170	0.00	106,302.90	0.00	0.00	0.00	0.00	4,517,476.65	12,365,780.33
	1180	0.00	21,679,144	0.00	0.00	0.00	0.00	1,157,204.39	10,855,012.52
	1210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	1142	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	1150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	1154	0.00	0.00	0.00	0.00	0.00	0.00	1,245,171.49	5,085,748.22
	1230	0.00	0.00	0.00	0.00	0.00	0.00	10,971.00	154,730.97
	1460	0.00	121,114,205.34	0.00	0.00	0.00	0.00	20,024,136.14	266,161,260.86
DEFERRED OUTFLOWS OF RESOURCES									
	1910	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2100	0.00	121,114,205.34	0.00	0.00	0.00	0.00	20,024,136.14	266,161,260.86
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES									
	2125	0.00	0.00	0.00	0.00	0.00	0.00	0.00	48,759.25
	2110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,947,096.50
	2170	0.00	0.00	0.00	0.00	0.00	0.00	3,479,382.94	37,653,675.56
	2120	0.00	3,508,876.53	0.00	0.00	0.00	0.00	884,077.92	7,644,156.66
	2150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,100.00
	2150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2220	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2230	0.00	0.00	0.00	0.00	0.00	0.00	652,986.07	7,905,946.27
	2161	0.00	0.00	0.00	0.00	0.00	0.00	12,036,818.53	141,548,442.2
	2162	0.00	0.00	0.00	0.00	0.00	0.00	492.35	492.35
	2240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2115	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2140	0.00	1,183,121.43	0.00	0.00	0.00	0.00	11,831,121.43	11,831,121.43
	2180	0.00	3,044,428.49	0.00	0.00	0.00	0.00	482,445.55	3,527,880.59
	2190	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2410	0.00	0.00	0.00	0.00	0.00	0.00	602,263.09	883.75
	2410	0.00	0.00	0.00	0.00	0.00	0.00	0.00	606,415.53
	2410	0.00	7,796,426.77	0.00	0.00	0.00	0.00	18,148,466.43	83,682,776.33
DEFERRED INFLOWS OF RESOURCES									
	2610	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2630	0.00	0.00	0.00	0.00	0.00	0.00	36,277.03	36,277.03
FUND BALANCES									
	2711	0.00	0.00	0.00	0.00	0.00	0.00	1,245,171.49	5,055,748.22
	2712	0.00	0.00	0.00	0.00	0.00	0.00	150,420.34	150,420.34
	2713	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2719	0.00	0.00	0.00	0.00	0.00	0.00	1,395,591.83	5,310,668.53
<i>Retierred for:</i>									
	2721	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2722	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2723	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2724	0.00	0.00	0.00	0.00	0.00	0.00	259,015.58	259,015.58
	2726	0.00	113,317,776.57	0.00	0.00	0.00	0.00	4,040,546.02	117,358,322.59
	2729	0.00	0.00	0.00	0.00	0.00	0.00	1,220,188.31	1,220,188.31
	2729	0.00	113,317,776.57	0.00	0.00	0.00	0.00	4,299,566.87	21,309,681.11
	2730	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Committed to:</i>									
	2731	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2732	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2738	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2730	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Assigned to:</i>									
	2741	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2742	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2743	0.00	0.00	0.00	0.00	0.00	0.00	117,992.89	117,992.89
	2744	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2749	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2740	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,133,842.62
	2750	0.00	0.00	0.00	0.00	0.00	0.00	117,992.89	24,253,835.51
	2700	0.00	13,317,776.57	0.00	0.00	0.00	0.00	3,973,756.93	11,445,662.94
Total Liabilities, Deferred Inflows of Resources and Fund Balances									
	2700	0.00	121,114,205.34	0.00	0.00	0.00	0.00	1,859,390.66	185,442,207.57
		0.00		0.00	0.00	0.00	0.00	20,024,136.14	266,161,260.86

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

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

Exhibit C-2
Page 5

Total Fund Balances - Governmental Funds		183,442,206
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$2,812,992,411, and the accumulated depreciation is \$953,816,893.		1,859,105,518
The internal service fund is used by management to charge the cost of risk management services to individual funds. The assets and liabilities in the internal service funds are included in the governmental activities in the Statement of Net Position.		8,005,501
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term-- are reported in the Statement of Net Position.		
Accrued Interest Payable	255,155	
Bonds Payable	10,634,000	
Bonds Premium / Discount	937,920	
Obligation under capital lease	7,319,097	
Other postemployment benefits	20,987,595	
Net pension liability	368,838,381	
Compensated absences	<u>90,691,243</u>	(499,663,391)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources pensions	92,487,713	
Deferred inflows of resources pensions	<u>(56,456,870)</u>	36,030,843
Deferred inflows of resources from federal and state agencies recognized as revenue of the current period.		<u>36,277</u>
Total net position of governmental activities		<u><u>1,586,956,954</u></u>

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

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

	Account Number	General ID	Food Services 410	Other Federal Programs 420	Federal Economic Stimulus Programs 430	Miscellaneous Special Revenue 490	SHE/CBRI Bids 510	Special Act Bonds 230	Section 1011 & 1011.15, U.S. Loans 230	Motor Vehicle Revenue Bonds 240	District Bonds 250	Other Debt Service 260	ABRA Economic Stimulus Debt Service 299	Capital Duty Bond Issues (COBI) 310	Special Act Bonds 320	Section 1011 & 1011.15, Loans 330
REVENUES																
Federal Direct	3100	364,707.45	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
Federal Through State and Local	3200	5,914,358.78	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
Local Sources:	3300	301,426,614.97	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
Property Taxes Levied, Tax Reimbursements and Excess Fees for Operational Purposes	3411, 3421, 3425	423,127,614.53	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
Property Taxes Levied, Tax Reimbursements and Excess Fees for Debt Service	3413, 3421, 3425	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
Capital Projects	3430	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
Charges for Services - Food Service	343X	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
Impress Fees	3486	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
Local Special Revenue	3490	44,272,114.52	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
Local Special Revenue - Other	3490	814,586,787.76	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
TOTAL REVENUES																
EXPENDITURES																
Instruction	5000	57,166,737.90	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
Student Support Services	6100	33,960,386.47	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
Instructional Media Services	6300	4,590,189.56	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
Instructional Support Services	6400	1,136,825.63	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
Instructional Staff Training Services	6400	1,136,825.63	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
Instruction-Related Technology	6500	6,866,194.79	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
Board	7100	1,276,442.28	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
School Administration	7300	540,676,468.53	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
Facilities Acquisition and Construction	7410	662,234.45	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
Facilities	7500	411,137.83	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
Facilities - Other	7500	251,096.62	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
Central Services	7700	12,833,724.63	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
Student Transportation Services	7800	23,694,484.42	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
Operation of Plant	7900	76,735,925.99	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
Operation of Plant - Other	7900	76,735,925.99	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
Administrative/Technology Services	8200	4,723,333.57	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
Community Services	9100	764,468.14	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
Recreation (Non-Resident)	710	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
Interest	720	112,209.00	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
Dues and Fees	730	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
Other Capital Outlay	7900	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
Facilities Acquisition and Construction	7420	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
Other Capital Outlay - Other	7900	3,729,410.55	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
TOTAL EXPENDITURES																
NET CHANGE IN FUND BALANCES																
Beginning Fund Balances	2601	66,263,049.54	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
Adjustments to Fund Balances	2601	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
Fund Balances, June 30, 2016	2700	66,263,049.54	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 PINELLAS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	Account Number	Public Education Capital Outlay (PECO) 340	District Bonds 350	Capital Outlay and Debt Service 300	Newwater Capital Improvement Fund 370	Water Capital Improvement Fund 380	Other Capital Projects 300	ARRA Economic Stimulus Capital Projects 399	Permanent Funds 000	Other Governmental Funds	Total Governmental Funds
REVENUES											
Federal Direct	3100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,886,629.18	6,249,336.63
Federal Through State and Local	3200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	108,085,108.43	114,668,053.31
Local Revenue	3300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,022,160.61	7,022,160.61
Local Revenue:											
Operational Purposes	3411, 3421	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	421,137.61
Property Taxes Levied, Tax Redemptions and Excess Fees for	3411, 3421	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Levied, Tax Redemptions and Excess Fees for	3411, 3421	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	3411, 3421	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	3411, 3421	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects	3411, 3421	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change for Service - Food Service	349X	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,112,648.89	2,112,648.89
Impact Fees	3496	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Local Revenue	3400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,915,742.35	2,915,742.35
Total Revenues		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	132,812,118.27	132,812,118.27
EXPENDITURES											
Instruction	8000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,083,302.40	3,083,302.40
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,236,234.43	9,236,234.43
Instrumntal Maint Services	6200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	497,795	497,795
Instructional Services	6300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,624,705.53	10,624,705.53
Instruction-Related Technology	6000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70,130,615.43	70,130,615.43
Board Administration	7100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,279,442.26	1,279,442.26
School Administration	7200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,615,012.02	5,615,012.02
Facilities Acquisition and Construction	3410	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,352,213	13,352,213
Fiscal Services	3500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45,935.57	45,935.57
Food Services	3600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,854,848.37	6,854,848.37
Central Services	3700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,283,596.32	1,283,596.32
Student Transportation Services	3800	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67,320.38	67,320.38
Operation of Plant	3900	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	94,809.06	94,809.06
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,051.99	11,051.99
Community Services	9100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,981,649.75	3,981,649.75
Other Services (Exception 020)	710	0.00	0.00	0.00	1,741,854.67	0.00	0.00	0.00	0.00	4,350,000.00	6,091,854.67
Interest	720	0.00	0.00	0.00	207,023.74	0.00	0.00	0.00	0.00	784,606.86	991,630.60
Debt and Fees	730	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,511.44	1,511.44
Capital Outlays	740	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Capital Outlay	9000	0.00	0.00	0.00	92,241,148.70	0.00	0.00	0.00	0.00	3,230,244.97	95,471,393.67
Other Financing Sources (Uses)					66,159,330.31	0.00	0.00	0.00	0.00	1,289,715.10	67,449,045.41
Net Change in Fund Balances		0.00	0.00	0.00	6,250,522.58	0.00	0.00	0.00	0.00	2,877,021.55	11,127,544.13
OTHER FINANCING SOURCES (USES)											
Insurance of Bonds	2110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	2120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	881	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds of Lease Purchase Agreements	2150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium on Lease Purchase Agreements	2151	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lease	2152	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sale of Capital Assets	2159	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loss Recoveries	2160	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	2170	0.00	0.00	0.00	6,417,366.66	0.00	0.00	0.00	0.00	0.00	6,417,366.66
Premium on Refunding Bonds	2172	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refunding Lease Purchase Agreements	2173	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium on Refunding Lease Purchase Agreements	2174	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Refunding Lease Purchase Agreements	2175	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer-in	2180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer-out	2190	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Financing Sources (Uses)											
Net Change in Fund Balances		0.00	0.00	0.00	6,250,522.58	0.00	0.00	0.00	0.00	2,877,021.55	9,127,544.13
Adjustments to Fund Balances	2800	0.00	0.00	0.00	139,025,965.68	0.00	0.00	0.00	0.00	2,411,923.81	131,437,891.49
Final Balances, June 30, 2016	2100	0.00	0.00	0.00	112,117,176.91	0.00	0.00	0.00	0.00	1,839,800.68	113,957,077.59

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

**DISTRICT SCHOOL BOARD OF PINELLAS 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 (13,182,144)

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

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is Depreciated over their estimated useful lives as a depreciation expense. This is the amount capital purchase (\$132,381,799) and transfers to construction in progress (\$37,336,537) exceeds depreciation (\$64,084,150). 30,961,112

The issuance of bonds and similar long-term debt provides current financial resources to government funds and this contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:

Principal Repayments:			
	Bonds	4,250,000	
	Capital leases	1,728,403	
Issuance of debt:			
	Issuance of refunding bond	-	
	Issuance of capital leases	(6,417,790)	
	Premium on bond refunding	-	
	Amortization of bond premium	234,479	
	Payments to bond refunding agent	-	(204,908)

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:

Compensated Absences	(1,766,029)	
Changes in accrued interest on long-term debt	164,072	
Other postemployment benefits	(3,730,463)	(5,332,420)

Continued

**DISTRICT SCHOOL BOARD OF PINELLAS 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**

In the statement of activities, only the loss on the sale/disposal of capital assets is reported. The change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed or adjusted in value.	(844,505)
Under the modified accrual basis of accounting, revenues are recognized when both the measurable and available criteria have been met. Some revenues earned in the current year were not recognized since availability criteria was not met. Under full accrual accounting, all revenues would be recognized.	(93,267)
Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	41,237,604
Cost of Benefits earned net of employee contributions	(26,501,780) 14,735,824
The internal service fund is used by management to charge the costs of risk management services to other funds. The net revenue of the internal service fund is reported with governmental activities.	<u>11,607,075</u>
Change in net position of governmental activities	<u><u>37,646,767</u></u>

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

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

Account Number	Business-Type Activities - Enterprise Fund					Other 921	Other 922	Other Enterprise Funds	Totals	Governmental Activities - Intra-State Funds
	Self-Insurance Consortium 911	Self-Insurance Consortium 912	Self-Insurance Consortium 913	Self-Insurance Consortium 914	Self-Insurance Consortium 915					
ASSETS										
Cash and Cash Equivalents	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,572,099.76
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,767,343.00
Accounts Receivable, Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	334,808.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,525.00
Due From Other Agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Insurer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Budgetary Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,551,144.18
Deposits Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section III(F), P.S. Loan Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section III(F), P.S. Loan Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-Term Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,360,000.00
Prepaid Insurance Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Postemployment Benefits Asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pension Asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Capital Asset:</i>										
Land Improvements - Nondepreciable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Land Improvements in Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nondepreciable Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Improvements, Other Than Buildings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Buildings and Fixed Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation in Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Furniture, Fixtures and Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Motor Vehicles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property Under Capital Leases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciable Capital Assets, Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35,581,664.59
Total Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35,581,664.59
DEFERRED OUTFLOWS OF RESOURCES										
Accumulated Decrease in Fair Value of Hedging Derivatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Carrying Amount of Debt Refunding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Postemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Postemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES										
Cash Overdrafts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	195,100.00
Sales Tax Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Interest Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Other Agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Budgetary Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pension Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liabilities Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated Unpaid Claims - Self-Insurance Program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated Liability for Claims Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Noncurrent Liabilities</i>										
Portion Due Within One Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unpaid Other Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,088,932.61
Estimated Liability for Long-Term Claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Pension Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Long-Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due Within One Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Portion Due After One Year</i>										
Liability for Compensated Absences	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,292,126.59
Net Other Postemployment Benefits Obligation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Pension Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Long-Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due in More Than One Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,292,126.59
Due Within One Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,530,164.40
Total Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,576,164.40
DEFERRED INFLOWS OF RESOURCES										
Accumulated Increase in Fair Value of Hedging Derivatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Net Carrying Amount of Debt Refunding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pension	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Postemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET POSITION										
Net Investment in Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,005,500.43
Unrestricted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Net Position	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,005,500.43

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

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

	Account Number	Business-Type Activities - Enterprise Funds							Totals	Governmental Activities - Internal Services Funds
		Self-Insurance Consortium 911	Self-Insurance Consortium 912	Self-Insurance Consortium 913	Self-Insurance Consortium 914	ABRA Consortium 915	Other 921	Other 922		
OPERATING REVENUES										
Charges for Services	3481	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Charges for Sales	3482	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium Revenue	3484	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Revenues	3489	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Revenues		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING EXPENSES										
Salaries	100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Energy Services	400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Materials and Supplies	500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Outlay	600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization Expense	780	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Income (Loss)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NONOPERATING REVENUES (EXPENSES)										
Investment Income	3430	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61,376.19
Gifts, Grants and Requests	3440	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Miscellaneous Local Sources	3495	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gain on Disposition of Assets	3780	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loss on Disposition of Assets	810	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Nonoperating Revenues (Expenses)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61,376.19
Income (Loss) Before Operating Transfers	3600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,607,074.96
Transfers In	3600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SPECIAL ITEMS										
EXTRAORDINARY ITEMS										
Change in Net Position		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Position, July 1, 2015	2880	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,607,074.96
Adjustments to Net Position	2896	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(3,601,574.53)
Net Position, June 30, 2016	2780	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,005,500.43

The notes to financial statements are an integral part of this statement.
ESE 1.45

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

	Business-Type Activities - Enterprise Funds										Governmental Activities - Internal Service Funds	
	Self-Insurance Consortium 911	Self-Insurance Consortium 912	Self-Insurance Consortium 913	Self-Insurance Consortium 914	ARRA Consortium 915	Other 921	Other 922	Other Enterprise Funds	Totals			
CASH FLOWS FROM OPERATING ACTIVITIES												
Receipts from customers and users	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72,691,686.70
Payments from interfund services provided	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to suppliers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments for interfund services used	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receipts (payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(55,203,388.42)
Net cash provided (used) by operating activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,488,298.28
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES												
Subsidies from operating grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers to other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash provided (used) by noncapital financing activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES												
Proceeds from capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from disposition of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition and construction of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal paid on capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid on capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash provided (used) by capital and related financing activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CASH FLOWS FROM INVESTING ACTIVITIES												
Proceeds from sales and maturities of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	55,575,749.20
Interest and dividends received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61,376.19
Purchase of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(71,668,539.41)
Net cash provided (used) by investing activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(13,622,152.02)
Net increase (decrease) in cash and cash equivalents	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,493,266.06
Cash and cash equivalents, June 30, 2015	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75,016,000.00
Cash and cash equivalents, 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	1,572,099.76
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:												
Operating income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,545,698.77
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>												
Depreciation/Amortization expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commodities used from USDA program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Change in assets and liabilities:</i>												
(Increase) decrease in accounts receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	136,437.62
(Increase) decrease in interest receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,161.15
(Increase) decrease in due from insurer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in deposits receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(3,551,114.18)
(Increase) decrease in due from other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in prepaid items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(2,350,000.00)
(Increase) decrease in pension	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in salaries and benefits payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in payroll tax liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in accounts payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	195,105.00
(Increase) decrease in cash overdraft	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in judgments payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in sales tax payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in accrued interest payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in deposits payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due to other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due to other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in unearned revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in pension	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in other postemployment benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in estimated unpaid claims - Self-Insurance Prog.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,501,899.00
(Increase) decrease in estimated liability for claims adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,932,599.51
Total adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,488,298.28
Net cash provided (used) by operating activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash provided (used) by capital and financing activities:												
Proceeds from capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contributions of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of equipment on account	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital asset trade-ins	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Increase/(Decrease) in the fair value of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commodities received through USDA program	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.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2016

Exhibit C-8
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	Account Number	Total Investment Trust Funds 84X	Total Private-Purpose Trust Funds 85X	Total Pension Trust Funds 87X	Total Agency Funds 89X
ASSETS					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	8,269,227.52
Investments	1160	0.00	0.00	0.00	197,462.76
Accounts Receivable, Net	1131	0.00	0.00	0.00	1,196,778.55
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	2,277.09
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150				255,375.79
Total Assets		0.00	0.00	0.00	9,921,121.71
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	
Pension	1940				
Other Postemployment Benefits	1950	0.00	0.00	0.00	
Total Deferred Outflows of Resources		0.00	0.00	0.00	
LIABILITIES					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	125,453.95
Internal Accounts Payable	2290	0.00	0.00	0.00	9,544,355.43
Due to Other Agencies	2230	0.00	0.00	0.00	
Due to Budgetary Funds	2161	0.00	0.00	0.00	251,312.33
Total Liabilities		0.00	0.00	0.00	9,921,121.71
DEFERRED INFLOWS OF RESOURCES					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	
Pension	2640				
Other Postemployment Benefits	2650	0.00	0.00	0.00	
Total Deferred Inflows of Resources		0.00	0.00	0.00	
NET POSITION					
Held in Trust for Pension Benefits	2785	0.00	0.00	0.00	0.00
Held in Trust for Other Purposes	2785	0.00	0.00	0.00	0.00
Total Net Position		0.00	0.00	0.00	0.00

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

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

	Account Number	Total Investment Trust Funds 84X	Total Private-Purpose Trust Funds 85X	Total Pension Trust Funds 87X
ADDITIONS				
<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
Total Additions		0.00	0.00	0.00
DEDUCTIONS				
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
Total Deductions		0.00	0.00	0.00
Change In Net Position		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 PINELLAS COUNTY
 COMBINING STATEMENT OF NET POSITION
 MAJOR AND NONMAJOR COMPONENT UNITS
 June 30, 2016

	Account Number	Major Component Unit Name	Major Component Unit Name	Total Nonmajor Component Units	Total Component Units
ASSETS					
Cash and Cash Equivalents	1110	0.00	0.00	1,022,254.32	1,022,254.32
Investments	1160	0.00	0.00	504,605.51	504,605.51
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	54,178.14	54,178.14
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	103,013.96	103,013.96
Internal Balances		0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	0.00
Section 1011.13, F.S. Loan Proceeds	1420	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	31,178.83	31,178.83
Long-Term Investments	1460	0.00	0.00	0.00	0.00
Prepaid Insurance Costs	1430	0.00	0.00	13,031.31	13,031.31
Other Postemployment Benefits Asset	1410	0.00	0.00	0.00	0.00
Pension Asset	1415	0.00	0.00	0.00	0.00
<i>Capital Assets:</i>					
Land	1310	0.00	0.00	656,200.36	656,200.36
Land Improvements - Nondepreciable	1315	0.00	0.00	0.00	0.00
Construction in Progress	1360	0.00	0.00	0.00	0.00
Nondepreciable Capital Assets		0.00	0.00	656,200.36	656,200.36
Improvements Other Than Buildings	1320	0.00	0.00	318,473.02	318,473.02
Less Accumulated Depreciation	1329	0.00	0.00	(11,199.08)	(11,199.08)
Buildings and Fixed Equipment	1330	0.00	0.00	4,287,773.40	4,287,773.40
Less Accumulated Depreciation	1339	0.00	0.00	(588,041.85)	(588,041.85)
Furniture, Fixtures and Equipment	1340	0.00	0.00	697,113.45	697,113.45
Less Accumulated Depreciation	1349	0.00	0.00	(538,597.48)	(538,597.48)
Motor Vehicles	1350	0.00	0.00	10,150.00	10,150.00
Less Accumulated Depreciation	1359	0.00	0.00	(362.50)	(362.50)
Property Under Capital Leases	1370	0.00	0.00	0.00	0.00
Less Accumulated Depreciation	1379	0.00	0.00	0.00	0.00
Audiovisual Materials	1381	0.00	0.00	0.00	0.00
Less Accumulated Depreciation	1388	0.00	0.00	0.00	0.00
Computer Software	1382	0.00	0.00	0.00	0.00
Less Accumulated Amortization	1389	0.00	0.00	(55,129.78)	(55,129.78)
Depreciable Capital Assets, Net		0.00	0.00	4,120,179.18	4,120,179.18
Total Capital Assets		0.00	0.00	4,776,379.54	4,776,379.54
Total Assets				6,504,641.61	6,504,641.61
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
Net Carrying Amount of Debt Refunding	1920	0.00	0.00	0.00	0.00
Pension	1940	0.00	0.00	0.00	0.00
Other Postemployment Benefits	1950	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		0.00	0.00	0.00	0.00
LIABILITIES					
Cash Overdraft	2125	0.00	0.00	125,028.59	125,028.59
Accrued Salaries and Benefits	2110	0.00	0.00	23,653.94	23,653.94
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	39,024.09	39,024.09
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2230	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Estimated Unpaid Claims - Self-Insurance Program	2271	0.00	0.00	0.00	0.00
Estimated Liability for Claims Adjustment	2272	0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00	0.00	0.00	0.00
Unearned Revenues	2410	0.00	0.00	0.00	0.00
<i>Noncurrent Liabilities</i>					
<i>Portion Due Within One Year:</i>					
Notes Payable	2310	0.00	0.00	72,128.80	72,128.80
Obligations Under Capital Leases	2315	0.00	0.00	43,087.13	43,087.13
Bonds Payable	2320	0.00	0.00	5,031,258.37	5,031,258.37
Liability for Compensated Absences	2330	0.00	0.00	0.00	0.00
Lease-Purchase Agreements Payable	2340	0.00	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	2350	0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2360	0.00	0.00	0.00	0.00
Net Pension Liability	2365	0.00	0.00	0.00	0.00
Estimated PECO Advance Payable	2370	0.00	0.00	0.00	0.00
Other Long-Term Liabilities	2380	0.00	0.00	0.00	0.00
Derivative Instrument	2390	0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00	0.00	0.00	0.00
Due Within One Year		0.00	0.00	5,146,474.30	5,146,474.30
<i>Portion Due After One Year:</i>					
Notes Payable	2310	0.00	0.00	102,586.97	102,586.97
Obligations Under Capital Leases	2315	0.00	0.00	94,043.29	94,043.29
Bonds Payable	2320	0.00	0.00	0.00	0.00
Liability for Compensated Absences	2330	0.00	0.00	0.00	0.00
Lease-Purchase Agreements Payable	2340	0.00	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	2350	0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2360	0.00	0.00	0.00	0.00
Net Pension Liability	2365	0.00	0.00	0.00	0.00
Estimated PECO Advance Payable	2370	0.00	0.00	0.00	0.00
Other Long-Term Liabilities	2380	0.00	0.00	0.00	0.00
Derivative Instrument	2390	0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00	0.00	0.00	0.00
Due in More than One Year		0.00	0.00	196,630.26	196,630.26
Total Long-Term Liabilities		0.00	0.00	5,343,104.56	5,343,104.56
Total Liabilities		0.00	0.00	5,530,811.18	5,530,811.18
DEFERRED INFLOWS OF RESOURCES					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deficit Net Carrying Amount of Debt Refunding	2620	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
Pension	2640	0.00	0.00	0.00	0.00
Other Postemployment Benefits	2650	0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		0.00	0.00	0.00	0.00
NET POSITION					
Net Investment in Capital Assets	2770	0.00	0.00	(210,699.76)	(210,699.76)
<i>Restricted For:</i>					
Categorical Carryover Programs	2780	0.00	0.00	0.00	0.00
Food Service	2780	0.00	0.00	0.00	0.00
Debt Service	2780	0.00	0.00	0.00	0.00
Capital Projects	2780	0.00	0.00	0.00	0.00
Other Purposes	2780	0.00	0.00	485,465.51	485,465.51
Unrestricted	2790	0.00	0.00	699,064.68	699,064.68
Total Net Position		0.00	0.00	973,830.43	973,830.43

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
MAJOR AND NONMAJOR COMPONENT UNITS
Major Component Unit Name
For the Fiscal Year Ended June 30, 2016

FUNCTIONS <i>Component Unit Activities:</i>	Account Number	Expenses	Program Revenues			Revenue and Changes in Net Position in Component Unit Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
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	0.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	0.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	0.00
Investment Earnings	0.00
Miscellaneous	0.00
Special Items	0.00
Extraordinary Items	0.00
Transfers	0.00
Total General Revenues, Special Items, Extraordinary Items and Transfers	0.00
Change in Net Position	0.00
Net Position, July 1, 2015	0.00
Adjustments to Net Position	0.00
Net Position, June 30, 2016	0.00

The notes to financial statements are an integral part of this statement.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)
MAJOR AND NONMAJOR COMPONENT UNITS
TOTAL NONMAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2016

FUNCTIONS	Account Number	Expenses	Program Revenues			Revenue and Changes in Net Position in Component Unit Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	4,509,399.62	0.00	57,646.00	0.00	(4,451,753.62)
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	287.00	0.00	0.00	0.00	(287.00)
Instructional Staff Training Services	6400	2,909.36	0.00	0.00	0.00	(2,909.36)
Instruction-Related Technology	6500	87,117.74	0.00	6,335.51	0.00	(80,782.23)
Board	7100	711,022.02	0.00	0.00	0.00	(711,022.02)
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	861,598.99	0.00	0.00	0.00	(861,598.99)
Facilities Acquisition and Construction	7400	685,432.66	0.00	227,364.24	0.00	(458,068.42)
Fiscal Services	7500	167,969.91	0.00	0.00	0.00	(167,969.91)
Food Services	7600	47,975.26	0.00	0.00	0.00	(47,975.26)
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	88,663.10	0.00	0.00	0.00	(88,663.10)
Operation of Plant	7900	566,925.01	0.00	0.00	108,197.00	(458,728.01)
Maintenance of Plant	8100	230,251.49	0.00	0.00	0.00	(230,251.49)
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	75,584.00	209,507.23	0.00	0.00	133,923.23
Interest on Long-Term Debt	9200	352,102.45	0.00	0.00	0.00	(352,102.45)
Unallocated Depreciation/Amortization Expense		43,886.46				(43,886.46)
Total Component Unit Activities		8,431,125.07	209,507.23	291,345.75	108,197.00	(7,822,075.09)

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
	7,745,922.03
	92.57
	255,351.19
	0.00
	0.00
	0.00
	8,001,365.79
	179,290.70
	794,539.73
	0.00
	973,830.43

**DISTRICT SCHOOL BOARD OF PINELLAS COUNTY
COMBINING STATEMENT OF ACTIVITIES
MAJOR AND NONMAJOR COMPONENT UNITS
TOTAL COMPONENT UNITS**

For the Fiscal Year Ended June 30, 2016

FUNCTIONS	Account Number	Expenses	Program Revenues			Revenue and Changes in Net Position in Component Unit Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	4,509,399.62	0.00	57,646.00	0.00	(4,451,753.62)
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	287.00	0.00	0.00	0.00	(287.00)
Instructional Staff Training Services	6400	2,909.36	0.00	0.00	0.00	(2,909.36)
Instruction-Related Technology	6500	87,117.74	0.00	6,335.51	0.00	(80,782.23)
Board	7100	711,022.02	0.00	0.00	0.00	(711,022.02)
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	861,598.99	0.00	0.00	0.00	(861,598.99)
Facilities Acquisition and Construction	7400	685,432.66	0.00	227,364.24	0.00	(458,068.42)
Fiscal Services	7500	167,969.91	0.00	0.00	0.00	(167,969.91)
Food Services	7600	47,975.26	0.00	0.00	0.00	(47,975.26)
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	88,663.10	0.00	0.00	0.00	(88,663.10)
Operation of Plant	7900	566,925.01	0.00	0.00	108,197.00	(458,728.01)
Maintenance of Plant	8100	230,251.49	0.00	0.00	0.00	(230,251.49)
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	75,584.00	209,507.23	0.00	0.00	133,923.23
Interest on Long-Term Debt	9200	352,102.45	0.00	0.00	0.00	(352,102.45)
Unallocated Depreciation/Amortization Expense		43,886.46				(43,886.46)
Total Component Unit Activities		8,431,125.07	209,507.23	291,345.75	108,197.00	(7,822,075.09)

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes	0.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	0.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	7,745,922.03
Investment Earnings	92.57
Miscellaneous	255,351.19
Special Items	0.00
Extraordinary Items	0.00
Transfers	0.00
Total General Revenues, Special Items, Extraordinary Items and Transfers	8,001,365.79
Change in Net Position	179,290.70
Net Position, July 1, 2015	794,539.73
Adjustments to Net Position	0.00
Net Position, June 30, 2016	973,830.43

The notes to financial statements are an integral part of this statement.
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Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The District School Board of Pinellas County (the District) 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. The governing body of the District is the Pinellas District School Board (the School Board), which is composed of seven elected members. The appointed Superintendent of Schools is the executive officer of the School Board. The general operating authority of the School Board and Superintendent is contained in Chapters 1000 through 1013 of the Florida Statutes. Geographic boundaries of the District correspond with those of Pinellas County.

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

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

- **Blended Component Unit** - The Pinellas School Board Leasing Corporation (the Leasing Corp.) was formed in February 2016 to facilitate financing for the acquisition of facilities and equipment. The governing board of the Leasing Corp. is the District. Due to the substantive economic relationship between the District and the Leasing Corp., the financial activities are included in the accompanying basic financial statements. There was no financial activity in the current fiscal year. Separate financial statements for the Leasing Corp. are not published.
- **Discretely Presented Component Units** - The component unit columns in the government-wide financial statements include the financial data of the District's component units. A separate column is used to emphasize they are legally separate from the District. These component units consist of the following charter schools: The Academie Da Vinci Charter School, Inc., Alfred Adler, The Athenian Academy, Discovery Academy of Science, Enterprise High Charter School, Florida Virtual Academy at Pinellas County, MycroSchool, Newpoint Prep, Newpoint Pinellas Academy, Pinellas Academy of Math & Science, Pinellas Preparatory Academy, Inc., Pinellas Primary, Plato Academy Charter School (Clearwater), Plato Academy of Tarpon Springs, Plato Academy (Seminole), Plato North Academy (Palm Harbor), Plato Academy South (Largo), Plato Academy (St. Petersburg), Plato Academy Pinellas Park, University Preparatory Academy, Windsor Preparatory Academy, and East Windsor Middle Academy.

The charter schools listed above are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, The Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by their sponsor, the School Board.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charter, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter schools are public schools and the District is responsible for the operation, control, and supervision of public schools within the District. The financial data reported on the government-wide statements was derived from the charter schools' audited financial statements for the fiscal year ended June 30, 2016. The audit reports are filed in the District's administrative offices.

➤ **Basis of Presentation**

Government-wide Financial Statements – Government-wide financial statements (i.e. the statement of net position and the statement of activities) present information on all nonfiduciary activities of the District and its component units. Fiduciary activities are only reported in the fund financial statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expenses, which can be associated with a specific program or activity, are allocated to the related function. The remaining depreciation expense is reported as unallocated. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. The effects of interfund activity have been eliminated from the government-wide financial statements.

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

The District reports the following major governmental funds:

- **General Fund** - to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- **Capital Projects - Local Capital Improvement Tax Fund** – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the District reports the following fund types:

- Proprietary Funds (Internal Service Funds) – to account for the District’s self-insurance programs.
- Special Revenue Funds - to account for the financial resources of the school food service program and certain Federal, State and local grant program resources.
- Debt Service Funds – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs for State School Bonds.
- Capital Projects Funds – to account for the financial resources generated to be used for educational capital outlay needs, including new construction, renovation and remodeling projects.
- Fiduciary Funds (Agency Funds) – to account for resources of the school internal funds, which are used to administer monies collected at several schools in connection with school, student, athletic, class, and club activities, in addition to accounting for resources held by the District as custodian for others.

➤ **Basis of Accounting, Measurement Focus, and Resource Flow Assumptions**

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

The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Agency funds have no measurement focus, but use the accrual basis of accounting to report assets and liabilities. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District’s governmental activities. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered 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 21 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) prepaid items are generally not accrued; (2) interest on long-term debt is recognized as expenditures when due; and (3) expenditures related to liabilities reported as long-term liabilities are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the District's internal service fund are charges for workers' compensation, general liability, and auto liability self-insurance and claims. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use in governmental fund financial statements, it is the District's policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

➤ **Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The statement of cash flows considers cash as those accounts used as demand deposit accounts.

Investments are held in one bank account with a money market investment account accessible by transfer; a money market account consisting of three separate money market funds; and the District's custody account, which has a money market investment account accessible by transfer. These funds are reported at amortized cost. The reported value of the pool is the same as the fair value of the pool shares.

Investments may include amounts in the State Board of Administration (SBA) Debt Service accounts for investment of debt service monies, amounts placed with the SBA for participation in the Local Government Surplus Funds Trust Fund investment pool (Florida Prime), and those made locally. Investments in Florida Prime are similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 31, as amended by Statement No. 79, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from Florida Prime; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the fund's executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments made locally consist of obligations of U.S. Government Agencies and Instrumentalities, domestic bonds and notes, commercial paper, bond mutual funds, and money market mutual funds. All of these investments are reported at fair value.

➤ **Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on a moving average basis, except that the United States Department of Agriculture surplus commodities 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 Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. Interest costs incurred during construction of capital assets are not considered significant and are not capitalized as part of the cost of construction. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and fixed equipment	20 – 50 years
Improvements other than buildings	15 years
Furniture, fixtures and equipment	5 – 20 years
Motor vehicles	5 – 15 years
Audio visual materials and computer software	5 – 10 years
Property under capital lease	3 – 12 years

➤ **Long Term Liabilities**

Long-term liabilities that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. In the governmental fund financial statements, bonds and other long-term liabilities are not recognized as liabilities until due.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is reported in the governmental fund financial statements only for the portion of compensated absences expected to be paid using expendable available resources.

➤ **Deferred Outflows and Deferred Inflows of Resources**

The District reports the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure or expense) until that applicable time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time. The District reports deferred outflows and deferred inflows of resources for its pensions.

➤ **State Revenue Sources**

Revenues from State sources for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department), under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE's 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 categorical educational programs. State Board of Education (the SBE) rules require that revenue earmarked for these programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the financial statements for the balance of categorical educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay (PECO) money, to the District on an annual basis. The District also received an allocation under the lottery-funded Public School Capital Outlay Program (commonly called Classrooms for Kids). The District is authorized to expend these funds only upon applying for and receiving an authorization from the Department.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

➤ **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 Pinellas County Property Appraiser and are collected by the Pinellas County Tax Collector.

The Board adopted the tax levy for the 2015-16 fiscal year on September 8, 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 the District receives taxes, except that revenue is accrued for taxes collected by the Pinellas 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 significant, delinquent taxes receivable are not accrued.

➤ **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.

➤ **Use of Estimates**

The preparation of the basic financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

➤ **New Pronouncements**

The GASB issued Statements No. 72, ***Fair Value Measurement and Application*** and No. 79, ***Certain External Investment Pools and Pool Participants*** effective for reporting periods beginning after June 15, 2015. The statements address accounting and financial reporting issues related to fair value measurements; provide guidance in determining a fair value measurement with accepted valuation techniques to enhance comparability; and establish accounting and financial reporting standards for external investment pools valued at amortized cost.

Note 2 – BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and SBE rules.

Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered. Encumbrances are reported as restricted and assigned fund balance, and a detail of outstanding encumbrances at June 30, 2016 are listed in Note 11.

Appropriations are controlled at the major 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 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. However certain State categorical funds and other designated projects carry forward.

Note 3 – INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of June 30, 2016, the District had the following investments and maturities:

Investment	Fair Value	Six Months or Less	Greater Than Six Months to Two Years	Greater Than Two Years to Four Years	Greater Than Four Years to Six Years
Cash Held in Investment Accounts	\$ 259,017	\$ 259,017	\$ -	\$ -	\$ -
Money Market Funds	25,267,953	25,267,953	-	-	-
Pooled Investments (includes Florida Fixed Income Trust)	58,969,291	33,830,958	25,138,333	-	-
Non US Government/GSE Investments:					
Corporate Asset Backed Securities	44,917,744	11,296,132	33,621,612	-	-
Corporate Asset Backed Securities Floating Rate	68,779,442	68,779,442	-	-	-
Corporate Mortgage Backed Securities	1,911,899	1,911,899	-	-	-
Obligations of United States Government :					
Treasury Bonds	20,363,200	-	-	-	20,363,200
Agencies and Instrumentalities:					
Collateralized Mortgage Obligations - Floating Rate	25,344,497	5,714,137	19,630,360	-	-
Total Investments Primary Government	\$ 245,813,043	\$ 147,059,538	\$ 78,390,305	\$ -	\$ 20,363,200

Note 3 – INVESTMENTS (Continued)

The District has the following recurring fair value measurements as of June 30, 2016:

Investment	Level 1 Pricing	Level 2 Pricing
Cash Held in Investment Accounts	\$ 259,017	\$ -
Money Market Fund	25,267,953	-
Pooled Investment Funds	-	58,969,291
Non US Government Obligations:		
Corporate Asset Backed Securities	-	44,917,744
Corporate Asset Backed Securities Floating Rate	-	68,779,442
Corporate Mortgage Backed Securities	-	1,911,899
Obligations of United States Government:		
Treasury Bonds	20,363,200	-
Agencies and Instrumentalities:		
Collateralized Mortgage Obligations Floating Rate	-	25,344,497
Total Investment Securities by Level	\$ 45,890,170	\$ 199,922,873

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using a matrix pricing model.

➤ Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. District policies limit the length of investments as follows: (1) the weighted average duration of the investment portfolio shall not exceed five years and (2) the maximum duration of any security purchased shall not exceed eight years. The District uses modified duration to determine the maturity of its investments that are not money market investments.

The Florida Fixed Income Trust had weighted average days to maturity (WAM) of 2.18 years 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.

➤ Credit Risk

- The District's investments in obligations of the U.S. Government agencies and instrumentalities totaling \$45,707,697 are reported at fair value. An implied rating based on the sovereign rating of the U.S. government-issued debt is used. As of June 30, 2016, this rating is AAA.
- SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency. As of June 30, 2016, the District had investments of \$25,267,953 in the First American Government Obligations, Federated Money Market Prime Obligations, Western Asset Institutional Cash Reserve, Morgan Stanley Prime, Government and Government Securities, Goldman Sachs Financial Square and Bank of America Money Market Reserves funds. All funds are rated AAAM by Standard and Poor's and Aaa-mf by Moody's.

Note 3 – INVESTMENTS (Continued)

- The District has investments with a fair value of \$58,969,291 in the Florida Fixed Income Trust Fund on June 30, 2016. This fund was rated AAf by Standard and Poor's.
- The District's non-governmental investments consisting of corporate asset-backed securities, corporate mortgage-backed floating rate securities, and corporate mortgage-backed securities are recorded at fair value of \$115,609,085. All securities have at least one AAA rating from a nationally recognized statistical rating organization (NRSRO).

➤ Custodial Credit Risk

Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

The District's investment policy addresses custodial credit risk in that all securities shall be properly designated as an asset of the Board and held in safe-keeping by a third party custodian. The District has \$161,709,588 in investment securities and money market funds held by its custodial agent in the name of the District.

➤ Concentrations of Credit Risk

The District's investment policy does not limit the amount the District may invest in any one issuer. The District had investments that represent 5 percent or more of total investments (excluding obligations with explicit guarantees of the U.S. government, investment pools, and money market funds) as of June 30, 2016, as follows:

Issuer	Fair Value	Percentage of Total Investments Primary Government
<u>Non US Government/GSE Investments:</u>		
CHAIT 13-A8 A8	\$ 18,612,462	8%
CHAIT 12-A10A10	17,600,000	7%
GEDFT 14-1 A	15,962,560	6%
COMET 13-A3 A3	15,009,150	6%
AMOT 15-2 A1	14,989,050	6%
<u>Obligations of U.S. Instrumentalities:</u>		
UST 1.375%	20,363,200	8%
SBA 522203	11,376,822	5%
SBA 522179	8,253,538	3%

Note 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

	Interfund	
	Receivables	Payables
Major Funds:		
General	\$ 9,676,129	\$ 2,119,730
Capital Projects:		
Local Capital Improvement Section 1011.71(2)	21,679	-
Nonmajor Funds:		
Special Revenue	1,157,204	11,922,807
Capital Projects	-	114,504
Internal Service	3,551,114	-
Agency	2,227	251,312
	<u>\$ 14,408,353</u>	<u>\$ 14,408,353</u>

Interfund balances are a result of: June charges for warehouse deliveries, central printing services and maintenance work orders; adjustment of self-insurance restricted funds; capital outlay transfers to the general fund; and short-term cash flow borrowing. All balances are expected to be repaid within one year.

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

	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General	\$ 35,921,548	\$ -
Capital Projects:		
Local Capital Improvement Section 1011.71(2)	-	35,776,500
Nonmajor Funds:		
Special Revenue	970,458	-
Capital Projects	-	1,115,506
	<u>\$ 36,892,006</u>	<u>\$ 36,892,006</u>

The \$35,776,500 transfer made from the Capital Improvement Section 1011.71(2) Fund was to cover capital outlay expenditures that were incurred in the General Fund and property liability insurance paid by the General Fund. The \$1,115,506 transfer made from the Capital Projects Funds was to transfer for the sale of property and to cover capital outlay disbursements to the charter schools.

Note 5 – CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions / Transfers	Ending Balance
Government Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 97,335,477	\$ -	\$ -	\$ 97,335,477
Land Improvements	22,717,599	-	-	22,717,599
Construction in Progress	62,629,864	41,656,791	37,336,537	66,950,118
Total Capital Assets Not Being Depreciated	182,682,940	41,656,791	37,336,537	187,003,194
Capital Assets Being Depreciated:				
Buildings and Fixed Equipment	2,307,833,229	72,311,780	-	2,380,145,009
Relocatables	16,544,418	-	-	16,544,418
Improvements other than Building	10,774,938	543,554	-	11,318,492
Furniture, Fixtures and Equipment	128,711,313	10,364,487	2,822,012	136,253,788
Motor Vehicles	55,401,987	670,022	462,132	55,609,877
Property Under Capital Lease	16,472,409	6,417,790	7,149,097	15,741,102
Audio Visual and Computer Software	10,023,666	417,375	134,510	10,306,531
Total Capital Assets Being Depreciated	2,545,761,960	90,725,008	10,567,751	2,625,919,217
Less Accumulated Depreciation for:				
Buildings and Fixed Equipment	720,806,050	47,767,939	-	768,573,989
Relocatables	12,961,253	636,709	-	13,597,962
Improvements other than Building	4,358,371	754,566	-	5,112,937
Furniture, Fixtures and Equipment	96,856,601	7,517,271	(1,086,200)	105,460,072
Motor Vehicles	43,496,700	2,805,831	3,537,935	42,764,596
Property Under Capital Lease	11,802,276	4,226,810	7,149,097	8,879,989
Audio Visual and Computer Software	9,174,738	375,024	122,414	9,427,348
Total Accumulated Depreciation	899,455,989	64,084,150	9,723,246	953,816,893
Total Capital Assets Being Depreciated, Net	1,646,305,971	26,640,858	844,505	1,672,102,324
Governmental Activities Capital Assets, Net	\$ 1,828,988,911	\$ 68,297,649	\$ 38,181,042	\$ 1,859,105,518

The beginning balance of property under capital lease was reduced by \$29,956,597 and its associated accumulated depreciation was reduced by \$29,956,597 to correct an overstatement of the prior period. The correction for the fully depreciated assets had no effect on net position.

The classes of property under capital leases are presented in Note 7.

Note 5 – CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction	\$	3,063,861
Pupil personnel services		32,790
Instructional media services		61,289
Instruction and curriculum development services		32,815
Instructional staff training		72,242
Instructional related technology		3,588,129
Board of Education		771
General administration		9,492
School administration		17,025
Facilities acquisition and construction		6,063,542
Fiscal services		3,860
Food services		1,050,781
Central services		205,295
Pupil transportation services		646,777
Operation of plant		76,975
Maintenance of plant		58,491
Administrative technology		16,349
Community services		758
Unallocated		49,082,908
	<u>\$</u>	<u>64,084,150</u>

Note 6 – CHANGES IN SHORT TERM DEBT

The District issued tax anticipation notes in the 2015-2016 fiscal year as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Tax Anticipation Notes	\$ -	\$ 90,000,000	\$ 90,000,000	\$ -
Total Governmental Activities	<u>\$ -</u>	<u>\$ 90,000,000</u>	<u>\$ 90,000,000</u>	<u>\$ -</u>

Tax anticipation notes were sold for the payment of operating expenses incurred prior to the receipt of the ad valorem taxes levied and collected for operating purposes. The notes carried an interest rate of two percent (2%).

Note 7 – OBLIGATIONS UNDER CAPITAL LEASES

The assets acquired through capital lease for governmental activities were for technology in the amount of \$46,429,006, and transportation in the amount of \$6,417,790.

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

	Total	Principal	Interest
2017	\$ 1,024,465	\$ 867,445	\$ 157,020
2018	976,864	840,025	136,839
2019	976,865	859,234	117,631
2020	976,865	878,913	97,952
2021	976,864	899,074	77,790
2022-25	3,100,600	2,974,406	126,194
	<u>\$ 8,032,523</u>	<u>\$ 7,319,097</u>	<u>\$ 713,426</u>

The imputed interest rate is 3.28% to 7.69% on the technology purchases and 3.28% on the transportation.

Note 8 – BONDS PAYABLE

Annual debt service requirements for the bonds payable as of June 30, 2016, are as follows:

	Amount	Interest Rates (Percent)	Maturity
State School Bonds:			
Series 2010-A, Refunding	\$ 75,000	4.5-5	2021
Series 2014-B, Refunding	10,559,000	5	2020
Total Bonds payable	<u>\$ 10,634,000</u>		

The State School Bonds were issued by the SBE on behalf of the District to finance capital outlay projects. 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 SBE and the SBA.

Note 8 – BONDS PAYABLE (Continued)

Annual requirements to amortize the bond liabilities outstanding as of June 30 are as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 5,102,910	\$ 4,589,000	\$ 513,910
2018	5,132,460	4,848,000	284,460
2019	621,060	579,000	42,060
2020	616,260	603,000	13,260
2021	15,750	15,000	750
	<u>\$ 11,488,440</u>	<u>\$ 10,634,000</u>	<u>\$ 854,440</u>

Note 9 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Compensated absences payable	\$ 88,925,214	\$ 10,531,324	\$ 8,765,295	\$ 90,691,243	\$ 10,549,655
Estimated insurance claims payable	13,880,049	63,600,439	52,099,429	25,381,059	7,088,833
Bonds payable	14,884,000	-	4,250,000	10,634,000	4,589,000
Add: Bond Refunding Premium	1,172,399	-	234,479	937,920	-
Post employment health care benefits	17,257,132	7,529,178	3,798,715	20,987,595	-
Net pension liability	262,858,684	105,979,697	-	368,838,381	-
Obligations under capital leases	2,629,710	6,417,790	1,728,403	7,319,097	867,445
Total	<u>\$ 401,607,188</u>	<u>\$ 194,058,428</u>	<u>\$ 70,876,321</u>	<u>\$ 524,789,295</u>	<u>\$ 23,094,933</u>

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund. The net pension liability will be reduced by pension contributions made to the Florida Retirement System.

Note 10 - MINIMUM FUND BALANCE POLICY

The District has adopted Board Policy No. 6210 which provides that the General Fund assigned fund balance accounts represent those that are constrained by the District's intent to be used for specific purposes, but not restricted, committed, or nonspendable. By the end of the 2015-16 fiscal year, a contingency balance shall be maintained equal to a minimum of five percent (5%) of General Fund revenues.

Note 11 - FUND BALANCE REPORTING

In accordance with generally accepted accounting principles, the District reports its governmental fund balances in the following categories, as applicable:

- Nonspendable - The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Examples of items that are not in spendable form include inventories, prepaid items, and property acquired for resale. The District classifies its amounts reported as inventories, prepaid items, and the fund balance of the permanent fund as nonspendable.
- Restricted - The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- Committed - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by resolution adoption of the highest level of decision-making authority, the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by adoption of a resolution. The District did not have any committed fund balances at June 30, 2016.
- Assigned - The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. This category includes any residual positive fund balances of governmental funds (other than the General Fund) not classified as nonspendable, restricted, or committed. Board Policy No. 6210 authorizes the Superintendent to assign fund balance. The Department of Education requires that fund balances be assigned at fiscal year-end to report an amount likely to be expended from the 2015-16 fiscal year budget as a result of purchase orders outstanding as of June 30, 2016.
- Unassigned - The portion of fund balance that is the residual balance of the General Fund. Negative residual fund balances of other governmental funds are also classified as unassigned.

Note 11 - FUND BALANCE REPORTING (Continued)

Nonspendable for:

General Fund:	
Inventory	\$ 3,810,577
Prepaid Items	4,500
Nonmajor Permanent Fund	150,420
Nonmajor Special Revenue Funds	
Inventory	1,245,171
Total Nonspendable	\$ 5,210,668

Restricted for:

General Fund:	
Restricted State Carryovers	\$ 2,384,832
Referendum	1,220,188
Workforce Education	21,309,681
Capital Projects Local Capital Improvement Section 1011.71(2)	113,317,777
Nonmajor Debt Service Funds	259,017
Nonmajor Capital Projects Funds	4,040,546
Total Restricted	\$ 142,532,041

Assigned:

General Fund:	
Encumbrances	\$ 6,663,590
Central Printing	943,236
Carryforwards	16,529,017
Nonmajor Capital Projects Funds	117,993
Total Assigned	\$ 24,253,836

Unassigned:

General Fund	\$ 15,419,420
Nonmajor Special Revenue Funds	(3,973,757)
Total Unassigned	\$ 11,445,663
Total Ending Fund Balance	\$ 183,442,208

Encumbrances are reported in restricted and assigned fund balance. The following is a schedule of encumbrances at June 30, 2016:

Major Funds			
General Fund	Capital Projects - Local Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,663,590	\$ 35,567,066	\$ 3,972,668	\$ 46,203,324

Note 12 - SCHEDULE OF STATE REVENUE SOURCES

The District's State revenue for the year ended June 30, 2016 was as follows:

Florida Education Finance Program	\$ 212,157,666
Categorical Education Program - class size reduction	112,969,934
Workforce development program	25,996,754
Motor vehicle license tax (capital outlay and debt service)	6,209,890
Food service supplement	594,501
Pari-mutuel tax	223,250
Mobile home license tax	545,082
Florida school recognition program	4,939,581
Voluntary Pre-K	2,358,736
Gross receipts tax (Public Education Capital Outlay)	2,372,102
Charter school capital outlay funding	927,256
Miscellaneous	2,754,063
	<u>\$ 372,048,815</u>

Note 13 – PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2015 tax roll for the 2015-2016 fiscal year.

	Millages	Taxes Levied
General Fund:		
Nonvoted School Tax:		
Required Local Effort	5.022	\$ 350,758,634
Basic Discretionary Local Effort	0.748	52,243,620
Voted School Tax:		
Local Referendum	0.500	34,922,206
Total General Fund:	<u>6.270</u>	<u>437,924,459</u>
Capital Projects Fund:		
Nonvoted Tax:		
Local Capital Improvements	1.500	104,766,617
	<u>7.770</u>	<u>\$ 542,691,076</u>

Note 14 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

All regular employees of the District are covered by the Florida Retirement System (FRS) Pension Plan and Retiree Health Insurance Subsidy (HIS) Program, or the Florida Retirement System Investment Plan (INV).

➤ **Plan Descriptions, Membership and Plan Benefits, and Contribution Requirements**

Plan Descriptions

The Florida Retirement System (FRS) is a cost-sharing, multiple-employer, contributory retirement system. The FRS was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan, and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan (INV). 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.

The FRS, HIS, and INV are administered by the Florida Department of Management Services, Division of Retirement. 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 Florida Retirement System Rules, Chapter 60S, Florida Administrative Code. The Florida legislature has the authority to establish and amend retirement legislation and related bills of significance to members of the FRS and HIS plans (including benefit terms and contribution rates). Passed bills are presented to the Governor of Florida and approved before they may be enacted into law.

The FRS, HIS, and INV financial information is included in the Florida Retirement System (System) Pension Plan and Other State-Administered Systems' Comprehensive Annual Financial Report (CAFR). The System CAFR, including audited financial information to support the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer, are available online at:

http://www.dms.myflorida.com/workforce_operations/retirement/publications.

The System CAFR and actuarial reports may also be obtained by contacting the Division of Retirement by mail or phone at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Contributions
P.O. Box 9000
Tallahassee, FL 32315-9000
850-907-6500 or toll-free 844-377-1888

Note 14 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Membership and Plan Benefits - FRS

FRS membership is compulsory for employers filling regularly established positions in a district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. The FRS has several classes of membership applicable to the District, including regular class, senior management and DROP. Employees enrolled in the FRS vested after six years of creditable service and are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. Retirees receive a lifetime pension benefit with joint and survivor payment options. The FRS provides retirement, disability, death benefits and annual cost-of-living adjustments. The FRS also includes an early retirement provision, but imposes a penalty for each year a member retires before the normal retirement date. Benefits are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Pension benefits of retirees and annuitants are increased each July 1 by a cost of living adjustment of 3% per year.

A DROP was established effective July 1, 1998, subject to provisions of Section 121.091, Florida Statutes. It permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payment while continuing employment with a Florida Retirement system employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Membership and Plan Benefits - HIS

HIS membership is available to all members within the FRS and INV plans. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$160 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Contribution Requirements

The contribution rates for FRS and HIS members are established, and may be amended, by the State of Florida. Employer contributions rates are actuarially recommended but set by the Legislature. These rates are a percentage of covered payroll. The FRS and HIS contribution rates were as follows:

<u>FRS Class:</u>	<u>7/14 - 06/15</u>	<u>07/15 - 06/16</u>
Regular	7.37%	7.26%
Special Risk	19.82%	22.04%
Elected Officers	43.24%	42.27%
Senior Management	21.14%	21.43%
DROP	12.28%	12.88%

Note 14 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Employer rates include 1.26% from 7/14 - 6/15 and 1.66% from 07/15 - 06/16 for the HIS program. In addition, other than for the DROP, rates include .04% for administrative costs. As of July 1, 2011, members contribute 3% of their salary as retirement contributions. Members participating in DROP are not required to make 3% contributions.

The District's contributions recognized during the fiscal year ended June 30, 2015 by the FRS and HIS were \$34,311,339 and \$7,011,689 respectively.

➤ **FRS and HIS Significant Assumptions and Rate of Return**

Basis of Accounting

Information about the FRS and HIS assets, deferred outflows of resources, liabilities, deferred inflows or resources, and fiduciary net position can be found in the System CAFR. The System CAFR is available online or can be obtained as mentioned previously. The FRS and HIS fiduciary net position and additions to/deductions from the fiduciary net position have been determined based on the System's records, which utilize the flow of economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable. Investments are reported at fair value. Contributions are recognized as revenue when due, pursuant to statutory and contractual requirements. There have been no significant changes since the publication of the System CAFR.

Actuarial Methods and Assumptions

Actuarial assumptions for both the FRS and HIS are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually and the HIS has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for the FRS and HIS was determined by an actuarial valuation as of July 1, 2015 using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables. Both the discount rate and long-term expected rate of return used for FRS investments is 7.65%. The FRS 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. Because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 3.80% was used to determine its total pension liability. In October 2015, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. As of June 30, 2015, the municipal rate used by HIS decreased from 4.29% to 3.80%.

Note 14 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Long-Term Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015 the FRS Actuarial Assumption Conference reviewed assumptions by Milliman's Capital Markets assumption team and Aon Hewitt Investment Consulting. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.00%	3.20%
Fixed Income	18.00%	4.80%
Global Equity	53.00%	8.50%
Real Estate (Property)	10.00%	6.80%
Private Equity	6.00%	11.90%
Strategic Investments	12.00%	6.70%
	<u>100.00%</u>	

The HIS is essentially funded on a pay-as-you-go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumptions for cash flows into and out of the plan, or assumed asset allocation.

➤ **District's Share of Net Pension Liability**

Employers participating in the FRS and HIS were provided pension allocation schedules for use in recording their proportionate share of the FRS and HIS net pension liability (NPL), deferred outflows of resources, deferred inflows of resources, and pension expense at measurement date June 30, 2015. The underlying financial information used to prepare the pension allocation schedules is based on the same basis as mentioned previously.

At June 30, 2016, the District reported a net pension liability of \$368,838,381 for its proportionate share of the collective net pension liability of the FRS and HIS. 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 actuarial valuations dated July 1, 2015.

Note 14 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

The District's proportionate share was calculated using the retirement contributions for employees that were members of the FRS and HIS during the measurement year ended June 30, 2015. The aggregate employer contribution amounts for the fiscal year ended June 30, 2015 in the pension allocation schedules agree to the total employer contribution amounts reported in the System CAFR.

The following table presents information on the District's proportionate share of the FRS and HIS.

	FRS	HIS	District Total
Proportionate Share of Net Pension Liability at June 30, 2015	\$ 181,772,569	\$ 187,065,812	\$ 368,838,381
District's proportion at June 30, 2015	0.0140731	0.0183426	
District's proportion at June 30, 2014	0.0145928	0.0185900	
Change in proportion during current year	-0.0005198	-0.0002474	

For the year ended June 30, 2016, the District recognized pension expense of \$26,501,780. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS		District Total
	Def Outfl	Def Infl	Def Outfl	Def Infl	Deferred Outflow (Deferred Inflow)
Differences between expected and actual experience	\$ 19,189,801	\$ (4,311,092)	\$ -	\$ -	\$ 19,189,801 (4,311,092)
Changes of assumptions	12,064,855		14,717,197		26,782,052
Net difference between projected and actual investment earnings	-	(43,404,247)	101,264	-	101,264 (43,404,247)
Changes in proportion	4,245,703	(6,821,615)	931,289	(1,919,916)	5,176,992 (8,741,531)
District contributions subsequent to the measurement date	31,942,720		9,294,884		41,237,604
Total Deferred Outflows	<u>\$ 67,443,079</u>		<u>\$ 25,044,634</u>		<u>92,487,713</u>
Total Deferred (Inflows)		<u>\$ (54,536,954)</u>		<u>\$ (1,919,916)</u>	<u>\$ (56,456,870)</u>

Deferred outflows of resources of \$41,237,604 are reported by the District for employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Note 14 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Reporting Year Ending June 30,	FRS	HIS	District Total Deferred Outflow / (Deferred Inflow)
2017	\$ (15,935,318)	\$ 2,445,951	\$ (13,489,367)
2018	(15,935,318)	2,445,951	(13,489,367)
2019	(11,967,567)	2,445,117	(9,522,450)
2020	21,197,128	2,425,093	23,622,221
2021	2,904,394	2,415,212	5,319,606
Thereafter	700,086	1,652,510	2,352,596
Totals	(19,036,595)	13,829,834	(5,206,761)

Discount Rate Sensitivity Analysis

The following tables demonstrate the sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact if the discount rate was 1.0% higher or 1.0% lower than the current discount rate at June 30, 2015.

FRS Net Pension Liability			HIS Net Pension Liability		
Current			Current		
1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
6.65%	7.65%	8.65%	2.80%	3.80%	4.80%
\$ 471,013,836	\$ 181,772,569	\$ (58,923,675)	\$ 213,152,785	\$ 187,065,812	\$ 165,313,193

➤ **Defined Contribution Retirement Plan**

The District contributes to the Florida Retirement System Investment Plan (INV), the integrated defined contribution investment plan described above. Benefit terms, including contribution requirements, for the INV are established and may be amended by the Florida Legislature. For each employee in the INV, the District must contribute at the blended uniform rate structure as previously disclosed for the FRS Plan. Employees are required to contribute 3% of salary. For the year ended June 30, 2016, the District recognized pension expense of \$2,462,628. Employer contributions and earnings on those contributions are vested according to the same schedule as disclosed for the FRS Plan. Non-vested District contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the INV's administrative expenses.

Note 15 - TAX DEFERRAL PLANS AND OTHER BENEFITS

The District allows employees to participate in a 401(a) / 403(b) qualified retirement plan. Participation is required for employees that are retiring, terminating or entering DROP and have accumulated at least \$2,500 of eligible terminal leave benefits. Contributions to the plan are made on a pre-tax basis. The maximum plan contribution cannot exceed 100% of plan year compensation or \$53,000, whichever is less. Federal income taxes on this compensation are deferred until distributions are taken. Employee contributions to the 401(a) plan were \$8,582,991 and employee contributions to the 403(b) were \$1,535,719 for the period ended June 30, 2016.

Note 15 - TAX DEFERRAL PLANS AND OTHER BENEFITS (Continued)

The District offers eligible employees participation in an optional tax deferred annuity and 457 program. The Internal Revenue Service, under code section 403(b), allows employees of School Boards to defer a portion of their income from Federal income tax. The deferred earnings are placed in an investment vehicle selected by the employee, with the principal and interest tax deferred until withdrawn. The contributions for the tax deferred annuity 403(b) and 457 for the fiscal year ended June 30, 2016 were \$8,694,628 and \$1,764,974 respectively.

In addition, the District has available a Roth 403(b) that employees may elect. Contributions to the Roth 403(b) totaled \$1,480,545 for the fiscal year ended June 30, 2016.

The District makes contributions to employees' health insurance payments based upon elected coverage. The total amount contributed on behalf of the employees, for the year ended June 30, 2016 was \$87,159,985.

Note 16 – CONSTRUCTION CONTRACT COMMITMENTS

The District had the following construction contract commitments at June 30, 2016:

<u>Project</u>	<u>Contract Amount</u>	<u>Encumbered Amount</u>	<u>Completed To Date</u>	<u>Balance Committed</u>
Azalea Middle School - Building Envelope	\$ 10,067,045	\$ 1,481,555	\$ 6,052,026	\$ 2,533,464
Largo High School - Replacement Facility	56,042,897	10,910,373	37,807,053	7,325,471
Subtotal	66,109,942	12,391,928	43,859,079	9,858,935
Other Projects (1)	20,435,881	3,462,018	16,096,188	877,675
Total	<u>\$ 86,545,823</u>	<u>\$ 15,853,946</u>	<u>\$ 59,955,267</u>	<u>\$ 10,736,610</u>

Note: (1) Individual projects with current commitment balances under \$1,000,000 at June 30, 2016.

Note 17 - 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, students, or visitors; and natural disasters. The District contracts with a third party administrator that adjusts workers' compensation and liability claims, subrogates claims, represents the District in mediations, and assists attorneys with litigation. In fiscal year 2015-16, the District added an employee health care and prescription medication program to its self-insurance programs.

The District partners with an insurance broker to obtain insurance coverage for losses that are not appropriate for the District to fully retain as self-insured exposures. The insurance purchased provides coverage for losses in excess of the workers' compensation, liability and property deductibles, as well as coverage, subject to a deductible, for other losses, which may occur from employment practices, errors and omissions and employee dishonesty, etc. This insurance protection limits the District's risk and financial exposure and provides protection from lawsuits.

As of June 30, 2016, a liability of \$14,312,059 was recorded for estimated insurance claims payable for *claims incurred, but not reported* for worker's compensation, general liability, and vehicle liability. A liability of \$11,069,000 was recorded for estimated insurance claims payable for its self-funded employee health care and prescription program. The estimated insurance claims payables were recorded using the discounted method, which were actuarially determined.

Note 17 - RISK MANAGEMENT PROGRAMS (Continued)

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

	<u>Beginning of Year</u>	<u>Claims</u>	<u>Claims Payments</u>	<u>End of Year</u>
2015	\$ 13,600,518	\$ 6,823,071	\$ (6,543,540)	\$ 13,880,049
2016	13,880,049	63,600,439	(52,099,429)	25,381,059

Property protection, boiler and machinery, errors and omissions, employment practices liabilities, employee dishonesty, and other coverage's deemed necessary by the Board are provided through purchased commercial insurance with deductibles for each line of coverage. In addition, dental, life and income protection coverage for District employees were offered through purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 18 – POST EMPLOYMENT HEALTH CARE BENEFITS

➤ **Plan Description**

The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's fully insured group health plan. The District subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher cost to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The Postemployment Health Care Benefits Plan does not issue a stand-alone report, is not included in this report, and is not included in the report of a Public Employee Retirement System (PERS) or another entity.

➤ **Funding Policy**

For the Postemployment Health Care Benefits plan, contribution requirements of the District are established and may be amended through action from the Board. The District has not advanced-funded or established a funding methodology for the annual Other Post-employment Benefit (OPEB) costs or the net OPEB obligation.

For the 2015-16 fiscal year, retirees and eligible dependents received postemployment health care benefits. The District provided required contributions of \$3,798,715 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance payments, and net of retiree contributions totaling \$5,032,589. Required contributions are based on projected pay-as-you-go financing.

Note 18 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

➤ **Annual OPEB Cost and Net OPEB Obligation**

The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Fiscal Year ended June 30, 2016	
Normal Cost	\$	4,117,626
Amortization of Unfunded Accrued Liability		3,050,863
Interest		286,740
Annual Required Contribution		7,455,229
Interest on Net OPEB Obligation (NOO)		690,285
Amortization of NOO		(616,336)
Total Expense or Annual OPEB Cost (AOC)		7,529,178
Actual Contribution Toward OPEB Cost		(3,798,715)
Increase in NOO		3,730,463
NOO Beginning of Year		17,257,132
NOO End Of Year	\$	20,987,595

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 were as follows:

<u>Fiscal Year</u>	<u>AOC</u>	<u>Contribution</u>	<u>Percent of AOC Contributed</u>	<u>NOO</u>
2013/2014	\$ 5,349,441	\$ 2,712,086	50.7%	\$ 14,105,944
2014/2015	5,985,113	2,833,925	47.3%	17,257,132
2015/2016	7,529,178	3,798,715	50.5%	20,987,595

➤ **Funded Status and Funding Progress**

As of June 30, 2016, the actuarial accrued liability for benefits was \$74,062,831, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$74,062,831. The covered payroll (annual payroll for active participating employees) was \$587,765,418 for the 2015-16 fiscal year and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.6%.

Note 18 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

➤ **Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included an interest rate of 4 percent, a payroll growth rate of 3.5 percent per year, general inflation of 2.5 percent, and an annual healthcare cost trend rate of 7.5 percent initially for the 2015-16 fiscal year, reduced to an ultimate rate of 4.5 percent for the fiscal year ending June 30, 2026.

The initial unfunded actuarial accrued liability and gains/losses are being amortized as a level percentage of the projected payroll on a closed basis over 30 years. The remaining amortization period on the initial unfunded actuarial accrued liability as of June 30, 2016 was 21 years.

Note 19 – LITIGATION

The District is a party to several lawsuits and claims, which it is vigorously defending. Such matters arise out of the normal course of its operation, some of which are covered by insurance policies. While the results of litigation cannot be predicted with certainty, management believes the final outcome of such litigation will not have a material adverse effect on the District's financial position.

Note 20 – GRANTS AND CONTRACTS

The District participates in various Federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement of these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable Federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from a Federal audit may become a liability of the District. The District does not believe that any significant liabilities would result from any review of its expenditures of Federal programs.

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

Exhibit D-2a
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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]
7/1/2013	0	\$48,500,382.00	\$48,500,382.00	0.00%	\$570,224,300.00	8.5%
7/1/2014	0	\$54,742,166.00	\$54,742,166.00	0.00%	\$578,437,319.00	9.5%
7/1/2015	0	\$74,062,831.00	\$74,062,831.00	0.00%	\$587,765,418.00	12.6%

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DISTRICT SCHOOL BOARD OF PINELLAS 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		
REVENUES					
Federal Direct	3100	320,000.00	364,707.00	364,707.45	0.45
Federal Through State and Local	3200	3,300,000.00	5,591,897.00	5,591,896.78	(0.22)
State Sources	3300	367,139,977.00	361,406,949.00	361,406,948.97	(0.03)
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	419,871,076.00	423,137,619.00	423,137,618.53	(0.47)
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue		17,497,980.00	24,095,564.00	24,095,564.03	0.03
Total Local Sources	3400	437,369,056.00	447,233,183.00	447,233,182.56	(0.44)
Total Revenues		808,129,033.00	814,596,736.00	814,596,735.76	(0.24)
EXPENDITURES					
<i>Current:</i>					
Instruction	5000	548,242,487.00	560,343,031.00	557,195,757.90	3,147,273.10
Student Support Services	6100	31,814,381.00	33,000,212.00	32,940,386.47	59,825.53
Instructional Media Services	6200	6,356,927.00	6,631,384.00	6,580,160.56	51,223.44
Instruction and Curriculum Development Services	6300	10,921,092.00	11,499,011.00	11,409,693.10	89,317.90
Instructional Staff Training Services	6400	12,539,072.00	11,358,856.00	11,208,857.63	149,998.37
Instruction-Related Technology	6500	6,149,729.00	6,866,194.00	6,866,194.79	(0.79)
Board	7100	1,973,426.00	1,278,780.00	1,270,449.26	8,330.74
General Administration	7200	2,530,636.00	2,988,977.00	2,926,915.75	62,061.25
School Administration	7300	55,162,743.00	56,401,844.00	56,005,468.83	396,375.17
Facilities Acquisition and Construction	7410	431,150.00	766,863.00	662,254.59	104,608.41
Fiscal Services	7500	4,385,475.00	4,089,769.00	4,013,038.30	76,730.70
Food Services	7600	282,807.00	335,225.00	335,224.51	0.49
Central Services	7700	12,157,106.00	13,504,683.00	12,853,974.63	650,708.37
Student Transportation Services	7800	33,525,036.00	32,105,878.00	32,061,484.42	44,393.58
Operation of Plant	7900	74,275,488.00	77,108,054.00	76,728,938.99	379,115.01
Maintenance of Plant	8100	21,644,375.00	22,624,121.00	21,320,739.02	1,303,381.98
Administrative Technology Services	8200	4,777,841.00	4,871,893.00	4,731,835.57	140,057.43
Community Services	9100	787,819.00	764,656.00	764,465.19	190.81
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720	67,500.00	113,200.00	113,200.00	0.00
Due and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300	3,774,910.00	3,774,910.00	3,774,910.55	(0.55)
Total Expenditures		831,800,000.00	850,427,541.00	843,763,950.06	6,663,590.94
Excess (Deficiency) of Revenues Over (Under) Expenditures		(23,670,967.00)	(35,830,805.00)	(29,167,214.30)	6,663,590.70
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740	300,000.00	259,740.00	259,739.94	(0.06)
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760			0.00	0.00
Transfers In	3600	32,800,000.00	35,921,548.00	35,921,547.60	(0.40)
Transfers Out	9700			0.00	0.00
Total Other Financing Sources (Uses)		33,100,000.00	36,181,288.00	36,181,287.54	(0.46)
SPECIAL ITEMS				0.00	0.00
EXTRAORDINARY ITEMS				0.00	0.00
Net Change in Fund Balances		9,429,033.00	350,483.00	7,014,073.24	6,663,590.24
Fund Balances, July 1, 2015	2800	61,270,967.00	61,270,967.00	61,270,967.10	0.10
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2016	2700	70,700,000.00	61,621,450.00	68,285,040.34	6,663,590.34

APPENDIX D
COPY OF RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE OF TAX ANTICIPATION NOTES, SERIES 2016 OF THE SCHOOL DISTRICT OF PINELLAS COUNTY, FLORIDA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$90,000,000 TO PROVIDE INTERIM FUNDS FOR THE PAYMENT OF OPERATING EXPENSES OF THE DISTRICT; PLEDGING CERTAIN TAX RECEIPTS TO THE PAYMENT OF THE NOTES; AUTHORIZING CERTAIN REMEDIES TO THE HOLDERS OF THE NOTES AND MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING THE FORM, MATURITY DATE, AND CERTAIN PARAMETERS WITH RESPECT TO THE OTHER TERMS AND DETAILS OF THE NOTES; AUTHORIZING THE AWARDED OF SAID NOTES PURSUANT TO A PUBLIC BID; DELEGATING CERTAIN AUTHORITY TO THE SUPERINTENDENT FOR THE AWARD OF THE NOTES AND APPROVAL OF THE TERMS OF THE NOTES; APPOINTING THE PAYING AGENT AND NOTE REGISTRAR FOR SAID NOTES; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING CERTAIN OFFICIALS OF THE BOARD TO TAKE ALL ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID NOTES; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 1011, Florida Statutes, and other applicable provisions of law.

SECTION 2. DEFINITIONS. The following terms shall have the following meanings herein, unless the text otherwise expressly requires:

"Act" means Chapter 1011, Florida Statutes.

"Board" means The School Board of Pinellas County, Florida, the governing body of the District.

"Chairperson" means the Chairperson of the Board, and in his or her absence or unavailability, the Vice-Chairperson of the Board and such other person who may be duly authorized to act on the chairperson's behalf.

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means any date of calculation of the Cumulative Cash Flow Deficit.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate to be executed by the District on or prior to the issuance of the Notes, the form of which is attached hereto as Exhibit D.

"County" means Pinellas County, Florida, a political subdivision of the State of Florida.

"Cumulative Cash Flow Deficit" means, as of any Computation Date during the Current Fiscal Year, an amount equal to:

(a) The amount the District will expend from the date of issuance of the Notes to such Computation Date for expenditures which would ordinarily be paid out of or financed by ad valorem taxes and other available Non Ad Valorem Funds, minus

(b) The sum of the "available amounts," as defined in the Code (excluding proceeds of the Notes), whether in the form of cash, investments, or other amounts, which will be available for the payment of working capital expenditures of the type to be paid from the proceeds of the Notes without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Said amounts shall be measured from the date of issuance of the Notes to the Computation Date referred to in paragraph (a) above.

"Current Fiscal Year" means the fiscal year of the District which commenced July 1, 2016 and ends June 30, 2017.

"District" means the School District of Pinellas County, Florida, created by Article IX, Section 4 of the Constitution of Florida.

"Financial Advisor" means Ford & Associates, Inc.

"Holder" or **"Noteholder"** means the registered owner of a Note.

"Maturity Date" means the maturity date for the Notes as determined by the Superintendent prior to the issuance of the Notes, which date shall not be later than one year from the date of issuance of the Notes.

"Non-Ad Valorem Funds" means all legally available funds of the District or Board derived from sources other than ad valorem taxation.

"Note" or **"Notes"** means one or more of the tax anticipation notes authorized by this Resolution in substantially the form attached as Exhibit A hereto, with such modifications as shall be approved by the Superintendent or his designee upon the advice of Note Counsel to the District, approval of such changes to be presumed by the execution thereof by the Superintendent or his designee.

"Note Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida, or such other firm of attorneys having expertise in the state and federal laws applicable to the issuance of public securities and obligations.

"Note Payment Fund" means the School District of Pinellas County, Florida Tax Anticipation Notes, Series 2016 Note Payment Fund created by this Resolution.

"Official Bid Proposal" means the Official Bid Proposal that complies with all of the terms and provisions of the Official Notice of Sale and which sets forth an offer to purchase the Notes at the lowest net interest cost to the District.

"Official Notice of Sale" means the Official Notice of Sale relating to the competitive sale of the Notes, which Official Notice of Sale shall be substantially in the form attached hereto as Exhibit B.

"Official Statement" means the Official Statement prepared on behalf of the District, dated the date of sale of the Notes and pertaining to the Notes, in substantially the form of the Preliminary Official Statement which is attached hereto as Exhibit C.

"Operating Budget" means the District's operating budget for the Current Fiscal Year prepared and adopted by the Board in accordance with the Act.

"Paying Agent" or **"Note Registrar"** means U.S. Bank National Association, Orlando, Florida, its successor or assigns.

"Permitted Investments" means investments from time to time legal for District moneys pursuant to the provisions of Sections 1010.53(2) and 218.415, Florida Statutes, as amended.

"Pledged Revenues" means (a) receipts of ad valorem taxes collected by the Tax Collector of the County for the benefit of the District during the Current Fiscal Year, but only to the extent such tax receipts are levied or legally available for payment of

operating expenses of the District and (b) amounts on deposit in the Note Payment Fund. "Pledged Revenues" shall not include ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the District pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes.

"Preliminary Official Statement" shall mean the Preliminary Official Statement "deemed final," except as for permitted omissions, in accordance with Rule 15c2-12 of the Securities and Exchange Commission and Section 16 of this Resolution, the form of which is attached hereto as Exhibit C, with such modifications as shall be approved by the Superintendent or his designee upon the advice of Note Counsel to the District.

"Principal Amount" shall mean the principal amount of Notes issued hereunder which amount may not exceed \$90,000,000.

"Purchaser" shall mean the underwriter or underwriters that submit(s) the Official Bid Proposal accepted by the District in accordance with the terms hereof. The Purchaser shall be the initial purchaser and underwriter of the Notes.

"Record Date" shall mean the 15th day of the month (whether or not a business day) immediately preceding the Maturity Date of the Notes.

"Regulations" means the Income Tax Regulations promulgated by the Internal Revenue Service under Section 103 and Sections 141-150 of the Code of 1986.

"State" means the State of Florida.

"Summary Notice of Sale" means the Summary Notice of Sale pursuant to which the Notes shall be advertised for competitive bid, which Summary Notice of Sale shall be substantially in the form attached hereto as Exhibit E.

"Superintendent" means the Superintendent of Schools of the District, Ex-Officio Secretary to the Board, and in his absence or unavailability, any associate or deputy Superintendent of the District and such other persons who may be duly authorized to act on the Superintendent's behalf.

SECTION 3. FINDINGS. It is hereby found, determined and declared as follows:

(A) Pursuant to Section 1011.13, Florida Statutes, and other applicable provisions of law, the school board of any school district in the State of Florida is authorized to negotiate a current loan at any time the current school funds on hand are estimated to be insufficient to pay obligations created by such school board, in accordance with the applicable budget of such school district.

(B) The Board has caused to be prepared an Operating Budget reflecting the reasonable estimates of receipts and expenditures during the Current Fiscal Year.

(C) The Board, to the extent possible, has endeavored to arrange the expenditures of the District for the Current Fiscal Year so as to make it unnecessary for the District to incur loans.

(D) It is estimated based on the Operating Budget that the school funds will be insufficient, at various times during the Current Fiscal Year, to satisfy obligations to be created by the Board in accordance with the Operating Budget of the District.

(E) It is necessary for the benefit of the schools of the District for a loan to be obtained to meet the disbursement requirements of the Operating Budget, such loan to be retired from Pledged Revenues anticipated to be received in accordance with the Operating Budget and, if necessary, from the Non-Ad Valorem Funds.

(F) The loan or loans shall be evidenced by the issuance of the Notes (or installments thereof), in the aggregate principal amount not exceeding the Principal Amount. The principal of and the interest on the Notes will be payable at maturity.

(G) The Principal Amount shall be less than 80% of the amount to be available from taxes levied by the District for operating purposes for the Current Fiscal Year.

(H) The Principal Amount does not exceed the Cumulative Cash Flow Deficit plus any reasonable working capital reserve not in excess of the amount permitted by Section 1.148-6(d)(3)(iii)(B) of the Regulations.

(I) The loan or loans, as evidenced by the Notes and computed as prescribed by Section 1011.13, Florida Statutes, will be, in the aggregate, not in excess of the amount necessary for the proper operation of the schools in the District.

(J) The Notes will be payable as to both principal and interest from the Pledged Revenues estimated in the Operating Budget to be available, and, if necessary, are additionally payable from, but are not secured by, the Non-Ad Valorem Funds. Neither the faith and credit nor the taxing power of the State of Florida, the County, or the District are pledged to the payment of the principal of or the interest on the Notes.

(K) It is estimated that the Pledged Revenues will be sufficient to pay the principal of and interest on the Notes when due.

(L) The Superintendent has authorized Note Counsel to prepare a Preliminary Official Statement on behalf of the District, and it is necessary and desirable that the Board delegate to the Superintendent the authority to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to authorize the use of the Preliminary Official Statement and a final

Official Statement in connection with the marketing and competitive sale of the Notes in accordance with the terms hereof.

(M) It is necessary and desirable that the Notes be issued in book-entry only form and that the Superintendent be authorized to make such provision and perform such acts as are necessary to provide for the issuance of the Notes in book-entry form.

(N) In accordance with Section 218.385, Florida Statutes, and pursuant to this Resolution, the Notes shall be advertised for competitive bids pursuant to the Summary Notice of Sale, the form of which is attached hereto as Exhibit E.

(O) Pursuant to the Summary Notice of Sale and the Official Notice of Sale, competitive bids received on such date and time as is determined by the Superintendent in accordance with the terms and provisions of the Summary Notice of Sale and the Official Notice of Sale, shall be publicly opened and announced.

(P) Due to the present volatility and uncertainty of the market for tax-exempt obligations such as the Notes, it is desirable for the District to be able to advertise and award the Notes at the most advantageous time and date which shall be determined by the Superintendent; and, accordingly, the District hereby determines to delegate the advertising and awarding of the Notes to the Superintendent within the parameters described herein.

(Q) It is necessary and appropriate that the Board determine the parameters for the terms and details of the Notes and to delegate certain authority to the Superintendent for the award of the Notes and the approval of the terms of the Notes in accordance with the provisions hereof.

(R) In the event Note Counsel shall determine that the Notes have not been awarded competitively in accordance with the provisions of Section 218.385, Florida Statutes, the Board shall adopt such resolutions and make such findings as shall be necessary to authorize and ratify a negotiated sale of the Notes in accordance with said Section 218.385, Florida Statutes.

SECTION 4. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Notes authorized to be issued hereunder, this Resolution shall be deemed to be and shall constitute a contract between the District, the Board and the Holders of any Notes. The covenants and agreement herein set forth to be performed by the District and the Board shall be for the equal benefit, protection and security of the Holder of each such Note, all of which shall be of equal rank and without preference, priority or distinction of any of such Notes over any other thereof, except as expressly provided therein and herein.

SECTION 5. AUTHORIZATION, DESCRIPTION AND BOOK-ENTRY PROVISIONS OF THE NOTES. For the purpose of financing the cost of obligations incurred in the ordinary operations of the District in the Current Fiscal Year there are hereby authorized to be issued "School District of Pinellas County, Florida Tax Anticipation Notes, Series 2016" in the aggregate principal amount not to exceed \$90,000,000. The exact aggregate principal amount of Notes to be issued pursuant to this Resolution shall be determined by the Superintendent in accordance with the terms of this Resolution, provided such amount shall not exceed \$90,000,000.

The Notes may be issued in one or more installments. The Notes shall be dated, shall be in denominations of \$5,000 or integral multiples thereof, as agreed to between the District and the Purchaser, shall be in fully-registered form, shall mature on the Maturity Date, as determined by the Superintendent prior to the issuance thereof, and shall bear interest from their date until maturity, calculated on a 360-day year basis (consisting of twelve 30-day months), payable at maturity at an interest rate not to exceed the maximum rate allowed by law, all as provided in the Official Bid Proposal. The Notes shall not be redeemable prior to maturity.

The Notes shall initially be issued in book-entry only form. The Notes shall be registered to Cede & Co., as nominee for The Depository Trust Company ("DTC"). All payments for the principal of and interest on the Notes shall be paid in lawful money of the United States of America, by check, draft or wire transfer to DTC.

To the extent permitted by the provisions of the DTC Blanket Issuer Letter of Representations executed by the District and delivered to DTC (the "DTC Blanket Letter of Representations"), the District shall issue Notes directly to beneficial owners of Notes other than DTC, or its nominee, in the event that:

- (i) DTC determines not to continue to act as the securities depository for the Notes; or
- (ii) The Board has advised DTC of its determination that DTC is incapable of discharging its duties; or
- (iii) The Board, upon compliance with applicable DTC policies and procedures, determines that it is in the best interest of the District not to continue the book-entry system or that the interest of the beneficial owners of the Notes might be adversely affected if the book-entry system is continued.

Upon occurrence of either of the events described in clauses (i) or (iii) above (the Board undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Board to make any such determination) or if the Board fails to locate another qualified securities depository to replace DTC upon occurrence of either of the events described in clauses (i) or (ii) above, the Board shall mail a notice to

DTC for distribution to the beneficial owners of the Notes stating that DTC will no longer serve as securities depository, whether a new securities depository will or can be appointed, the procedures for obtaining authenticated replacement Notes and the provisions which govern the Notes including, but not limited to, provisions regarding authorized denominations, transfer and exchange, principal and interest payments and other related matters. The DTC Blanket Letter of Representations previously executed and delivered by the District shall apply with respect to the Notes.

SECTION 6. EXECUTION AND AUTHENTICATION OF NOTES.

The Notes shall be executed in the name of the District by the Chairperson of the Board, and attested and countersigned by the Superintendent, as Ex-Officio Secretary of the Board, and the corporate seal of the District or a facsimile thereof shall be affixed thereto or reproduced thereon. The Notes may be signed and sealed on behalf of the District by any person who at the actual time of the execution of such Notes shall hold such offices in the District, although at the date of such Notes such person may not have been so authorized. The Notes may be executed by the facsimile signatures of the Chairperson or Superintendent so long as the Notes bear one manual signature.

There shall be a Certificate of Authentication of the Note Registrar on the Notes, and no Note shall be valid or obligatory for any purpose or be entitled to any security or benefit under the provisions of this Resolution unless such certificate shall have been duly executed on such Notes. The authorized signature for the Note Registrar shall be either manual or in facsimile, provided, however, that at least one of the above signatures, including that of the authorized signature for the Note Registrar, appearing on the Notes shall be a manual signature.

SECTION 7. NOTES MUTILATED, DESTROYED, STOLEN OR LOST. In case any Note shall be mutilated, destroyed, stolen or lost, upon the Holder furnishing the District proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may prescribe and paying such expenses as the District may incur, the District shall issue and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Note, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Note, upon surrender of such mutilated Note, if any, to the District and the cancellation thereof; provided however, if the Note shall have matured or be about to mature, instead of issuing a substitute Note, the District may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof. Any Note surrendered under the terms of this Section 7 shall be cancelled by the Superintendent.

Any such duplicate Note issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the District whether or not, as to duplicate Notes, the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to

lien on and source and security for payment from the special funds, as hereinafter pledged, to the same extent as the other Notes issued hereunder.

SECTION 8. REGISTRATION AND TRANSFER OF NOTES. The following Section 8 is subject to the provisions of the DTC Blanket Letter of Representations.

All Notes shall be and shall have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and each successive Holder, in accepting any of the Notes, shall be conclusively deemed to have agreed that such Notes shall be and have all of said qualities and incidents of such negotiable instruments.

There shall be a Note Registrar with respect to each series or installment of Notes, which shall be the Superintendent or a bank or trust company located within or without the State of Florida with corporate trust powers. The Note Registrar initially shall be U.S. Bank National Association, Orlando, Florida. The Note Registrar shall be responsible for maintaining the books for the registration of the transfer and exchange of the Notes.

All Notes presented for transfer, exchange or payment (if so required by the District or the Note Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the District or the Note Registrar, as the case may be, duly executed by the Holder or by his duly authorized attorney.

Upon surrender to the Note Registrar for transfer or exchange of any Note accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Holder or his attorney duly authorized in writing, the Note Registrar shall deliver in the name of the Holder or the transferee or transferees, as the case may be, a new fully registered Note or Notes of authorized denominations and of the same maturity and interest rate for the aggregate principal amount which the Holder is entitled to receive.

The District and the Note Registrar may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the delivery of such Notes. The Note Registrar or the District may also require payment from the Holder or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Note shall be delivered.

New Notes delivered upon any transfer or exchange shall be valid obligations of the District, evidencing the same debt as the Notes surrendered, shall be secured under

this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Notes surrendered.

The District and the Note Registrar may treat the Holder of any Note as the absolute owner thereof for all purposes, whether or not such Notes shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any Note is registered shall be deemed the Holder thereof by the District and the Note Registrar, and any notice to the contrary shall not be binding upon the District or the Note Registrar.

Whenever any Note shall be delivered to the Note Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Note shall be cancelled and destroyed by the Note Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the District.

SECTION 9. FORM OF NOTES. The text of the Notes shall be in substantially the form of Exhibit A hereto, with such variations, deletions and insertions as may be necessary and desirable, and as may be authorized or permitted by this Resolution.

SECTION 10. SECURITY FOR NOTES; SPECIAL OBLIGATIONS OF DISTRICT. To the extent necessary to pay when due the principal of and the interest on the Notes, the Pledged Revenues are irrevocably pledged to the payment of the Notes. The Notes and the interest thereon do not constitute a general obligation or indebtedness of, or a pledge of the faith and credit of, the Board, the District, the County, the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation but shall be payable from and secured solely by a lien upon and pledge of the Pledged Revenues in the manner provided herein and therein. If necessary, Notes are additionally payable from, but are not secured by, the Non-Ad Valorem Funds of the District. The Notes and the obligations evidenced thereby shall not constitute a lien upon any property of or in the District other than the Pledged Revenues in the manner provided in this Resolution. No Holder of the Notes shall ever have the right to compel the exercise of the ad valorem taxing power of the Board, the District, the County or the State or any political subdivision or agency thereof, other than the levy, collection and application of the Pledged Revenues, for the payment of the principal of or interest on the Notes in the manner herein and in the Notes provided.

SECTION 11. NOTE PAYMENT FUND. (a) There is hereby established the "School District of Pinellas County, Florida Tax Anticipation Notes, Series 2016 Note Payment Fund" (the "Note Payment Fund") to be held by the District as a separate special fund for the benefit of the Noteholders; provided that the cash required to be accounted for therein may be pooled with other funds of the District so long as adequate accounting records are maintained to reflect and control the restricted purposes of such Note Payment Fund moneys. The Note Payment Fund shall be held in trust by the District for the sole benefit of the Holders, and the Holders are granted an express lien on

the moneys and/or investments held in the Note Payment Fund. The Holders of the Notes shall have no lien upon all or any portion of the Non-Ad Valorem Funds unless and until any such funds are deposited into the Note Payment Fund. The District covenants that it shall deposit sufficient monies or Permitted Investments into the Note Payment Fund no later than twenty-one (21) days prior to the Maturity Date of the Notes, or the first business day thereafter, such that the balance on deposit therein will equal the amount of principal and interest becoming due on the Notes on the Maturity Date. If, on the twenty-first day preceding the Maturity Date of the Notes, or the first business day thereafter, and continuously thereafter, there is not on deposit in the Note Payment Fund an amount (including Permitted Investments and the income or earnings to be received thereon) equal to all principal of and interest on the Notes at maturity, the Board shall designate the Note Payment Fund as its depository for the receipt of Pledged Revenues and continue such designation until such time as the amount in the Note Payment Fund, together with the earnings to be received thereon, is equal to all principal of and interest on the Notes at maturity.

(b) All investments held in the Note Payment Fund shall mature on or prior to the Maturity Date. All such investments shall be valued for the purpose of this Section 11 at their principal amount, and interest income or earnings to be received on or prior to the date of maturity of the Notes shall be included in the Note Payment Fund balance for purposes of determining whether the requirements of this Section 11 have been met.

(c) Funds in the Note Payment Fund may be invested only in Permitted Investments. Earnings on investments held in the Note Payment Fund shall be retained and reinvested in the Note Payment Fund until the amount on deposit in the Note Payment Fund together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law except as provided in Subsection 11(d) hereof.

(d) Amounts in the Note Payment Fund, other than earnings permitted to be withdrawn by the District pursuant to Subsection 11(c) hereof, shall be applied solely to the payment of the principal of and interest on the Notes. After all such principal and interest shall have been paid, or at such time as provision for payment thereof shall have been made pursuant to Section 15 hereof, any amounts remaining in the Note Payment Fund may be used in the District's discretion as provided by law.

(e) No later than seven (7) days prior to the Maturity Date of the Notes, the District shall, if necessary, adjust the amount on deposit in the Note Payment Fund in order to ensure that sufficient funds are on deposit therein on the Maturity Date to pay the principal of and interest on the Notes in full.

SECTION 12. APPLICATION OF NOTE PROCEEDS. The proceeds of the sale of the Notes shall first be applied by the District to pay the costs of preparation and issuance of the Notes. The remaining proceeds from the sale of the Notes shall be used by the District to pay the lawful expenses of the District as the Board shall direct. The Holders of the Notes issued hereunder shall have no responsibility for the use of the proceeds of said Notes, and the use of such Note proceeds by the District shall in no way affect the rights of such Noteholders.

SECTION 13. COVENANTS OF DISTRICT AND BOARD. The Board covenants on its behalf and on behalf of the District with the Holders so long as any of the Notes are outstanding and unpaid as follows, to the extent not already performed or accomplished:

(a) to comply promptly with the Act and other applicable statutes in regard to (i) adoption of the Operating Budget, (ii) determination of the amounts necessary to be raised for current operating purposes for the Current Fiscal Year, (iii) determination of millage necessary to be levied for current operating purposes for the Current Fiscal Year, (iv) certification of such millage to the County Property Appraiser, (v) ordering the County Property Appraiser to assess such millage, and (vi) collecting the taxes paid and due to the Board from the County Tax Collector; and

(b) in preparing, approving and adopting its Operating Budget controlling or providing for the expenditures of its funds, so long as any principal of or interest on the Notes are outstanding and unpaid, to appropriate, allot and approve, in the manner required by law from funds of the District derived from sources other than ad valorem taxes and legally available therefor, amounts sufficient to pay the principal of and interest on the Notes; and

(c) not to issue any (i) indebtedness of any kind payable from the Pledged Revenues which indebtedness is secured by a lien upon the Pledged Revenues superior to that of the Notes, (ii) obligations (other than additional installments of Notes) payable from or secured by a lien on the moneys on deposit in the Note Payment Fund, and (iii) additional obligations having an equal lien upon the Pledged Revenues if the issuance of such additional indebtedness would violate the provisions of Section 1011.13(1), Florida Statutes. Subject to the foregoing limits, the Board may issue additional obligations (including additional installments of Notes) payable from and secured by a lien upon the Pledged Revenues on a parity with the Notes, and may issue obligations having a first lien upon moneys of the District other than the Pledged Revenues and the moneys on deposit in the Note Payment Fund; and

(d) except as otherwise expressly provided herein, not to enter into any contract or other agreement and not to take any action by which the rights of any Holder might be impaired or diminished; and

(e) not to modify or amend this Resolution or any resolution amendatory hereof or supplemental hereto, unless such modification or amendment would not, in the opinion of Note Counsel, have a material adverse effect on the interest of the Holders, without the consent in writing of Holders of fifty-one percent (51%) or more in principal amount of the Notes then outstanding; provided that no modification or amendment shall permit, without the consent of all the Holders, a change (i) in the maturity of the Notes or a reduction in the rate of interest thereon, (ii) in the amount of the principal obligation evidenced by the Notes, (iii) that would affect the unconditional promise of the District to collect the ad valorem tax revenues and to make the deposits to the Note Payment Fund required herein, (iv) that would reduce the percentage of Holders required above, for modifications or amendments hereto, (v) that would affect the tax covenants of the District contained in Section 14 hereof, or (vi) that would impair the obligation of the District to pay the principal of and interest on the Notes at maturity or the remedies granted herein for the enforcement of such obligation. For the purpose of Holders' voting rights or consents, the Notes owned by or held for the account of the District, directly or indirectly, shall not be counted.

Any rating agency providing a rating for the Notes shall be notified, in writing, and supplied with a copy, of any modification, amendment or supplement to this Resolution so long as the rating assigned by such rating service is in effect.

SECTION 14. TAX COMPLIANCE. None of the Board, the District nor any third party over whom the Board or the District has control, will make any use of the proceeds of the Notes or the Pledged Revenues at any time during the term hereof and thereof which would cause the Notes to be "private activity bonds" within the meaning of Section 103(b)(1) of the Code or "arbitrage bonds" within the meaning of Section 103(b)(2) of the Code. The Board, on behalf of the District, covenants throughout the term of the Notes, to comply with the requirements of the Code and the Regulations, as such may be amended from time to time.

SECTION 15. DEFEASANCE. If, at any time the Board shall have paid, or shall have made provision for payment of the principal of and interest on the Notes then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the holders of the Notes shall be no longer in effect and the Notes shall no longer be deemed to be outstanding and unpaid for the purposes of this Resolution. For purposes of the preceding sentence, deposit of Permitted Investments in irrevocable trust or pursuant to an irrevocable letter of instruction with the State Board of Administration of the State or with a bank or trust company with corporate trust powers for the sole benefit of the Noteholders, the principal of which, together with the earnings to be received thereon, will be sufficient to make timely payment of the principal of and interest on the Notes, shall constitute provision for payment.

SECTION 16. PRELIMINARY OFFICIAL STATEMENT; OFFICIAL STATEMENT; SUMMARY NOTICE OF SALE AND OFFICIAL NOTICE OF SALE; SALE AND AWARD OF NOTES. (a) The form of, and the distribution and delivery on behalf of the District of, the Preliminary Official Statement for the Notes, in substantially the form attached hereto as Exhibit C, and the execution, distribution and delivery to the Purchaser of the final Official Statement, substantially in the form of the Preliminary Official Statement with such changes, insertions and modifications as shall be necessary to reflect the final terms and details of the Notes, are hereby authorized and approved. The Superintendent, on behalf of the District, is hereby authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The Chairperson and the Superintendent, Ex-Officio Secretary of the Board are hereby authorized to execute the Official Statement on behalf of the District.

(b) The forms of the Summary Notice of Sale and Official Notice of Sale attached hereto as Exhibits E and B, respectively, and the terms and provisions thereof are hereby authorized and approved. The Superintendent, on behalf of the District, is hereby authorized to make such changes, insertions and modifications as he shall deem necessary prior to the advertisement of such Summary Notice of Sale and Official Notice of Sale. The Superintendent is hereby authorized to advertise and publish the Summary Notice of Sale and Official Notice of Sale at such time as he shall deem necessary and appropriate, upon the advice of the Financial Advisor, to accomplish the competitive sale of the Notes.

(c) The Superintendent, on behalf of the District and only in accordance with the terms hereof, shall award the Notes to the underwriter or underwriters that submit the bid which complies in all material respects with the Official Notice of Sale and offers to purchase the Notes at the lowest net interest cost to the District, as calculated by the Financial Advisor in accordance with the terms and provisions of the Official Notice of Sale.

SECTION 17. EXECUTION OF DOCUMENTS. The Chairperson, Vice Chairperson, Superintendent, Ex-officio Secretary of the Board, and their designee(s) are hereby authorized to execute and deliver such documents and certificates, including the Official Statement and the Notes, in addition to those expressly authorized by this Resolution, and to take such further actions as they shall deem reasonably necessary or appropriate to effect the issuance of the Notes and the other transactions contemplated by this Resolution.

Those officers are further authorized to make or effect any election, selection, choice, consent, approval, or waiver on behalf of the District with respect to the Notes as the District is permitted or required to make or give under the federal income tax laws, for the purpose of assuring, enhancing or protecting favorable tax treatment or characterization of the Notes or interest thereon or assisting compliance with

requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties thereon, or making payments in lieu thereof, or obviating such amounts or payments, as determined by such officer. Any such action of such officer shall be in writing and signed by the officer.

SECTION 18. NOTE REGISTRAR AND PAYING AGENT AND AGREEMENT THEREFOR. U.S. Bank National Association, Orlando, Florida, is hereby appointed Note Registrar and Paying Agent hereunder. The Note Registrar and Paying Agent shall perform such duties as are more fully described herein and in the Notes.

The Note Registrar and Paying Agent shall fulfill the functions of Note Registrar and Paying Agent with respect to the Notes until a qualified successor shall have been designated by the District and accepted such duties, such designation to be subject to written notice to the Note Registrar and Paying Agent, or until the Notes have been paid in full pursuant to the terms hereof and of the Notes.

SECTION 19. SECONDARY MARKET DISCLOSURE. The District hereby covenants and agrees that, in order to provide for compliance by the District with the secondary market disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the District and dated the date of delivery of the Notes, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form attached hereto as Exhibit D with such changes, amendments, modifications, deletions and additions as shall be approved by the Superintendent who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with such Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; provided, however, to the extent allowable by law, any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 19 and the Continuing Disclosure Certificate.

SECTION 20. REMEDIES. Any Holder may sue to protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State or the United States of America or granted and contained in this Resolution, and to enforce and compel the performance of all duties required by this Resolution or by any applicable laws to be performed by the District, the Board or by any officer thereof, and may take all steps to enforce this Resolution to the full extent permitted or authorized by the laws of the State or the United States of America.

SECTION 21. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express

provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution and shall in no way affect the validity of all other provisions of this Resolution or of the Notes issued hereunder.

SECTION 22. REPEALING CLAUSE. All resolutions or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 23. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

Passed and Adopted at a regular meeting this 27th day of September, 2016.

**SCHOOL DISTRICT OF PINELLAS
COUNTY, FLORIDA**

(SEAL)

By: /s/ Peggy L. O'Shea
Chairperson, The School Board of
Pinellas County, Florida

ATTEST:

By: /s/ Michael A. Grego
Superintendent, Ex Officio Secretary, The
School Board of Pinellas County, Florida

APPROVED AS TO FORM:

By: /s/ David Koperski
General Counsel, The School Board of
Pinellas County, Florida

APPENDIX E
FORM OF LEGAL OPINION

APPENDIX E

**FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A.,
WITH RESPECT TO THE NOTES**

Upon delivery of the Notes in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Note Counsel, proposes to render its opinion with respect to such Notes in substantially the following form:

(Date of Delivery)

The School Board of Pinellas County, Florida
Largo, Florida

Board Members:

We have examined a record of proceedings relating to the issuance of \$_____ Tax Anticipation Notes, Series 2016 (the "Notes") of the School District of Pinellas County, Florida (the "District").

The Notes are issued under and pursuant to the Laws of the State of Florida, including, particularly, Chapter 1011, Florida Statutes, and pursuant to a resolution adopted by The School Board of Pinellas County, Florida (the "Board"), as the governing body of the District, on September 27, 2016 (the "Resolution").

The Notes are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The Notes will mature on June 30, 2017 and will bear interest at the rate per annum, as provided in the Resolution and as set forth in the final Official Statement. Interest shall be payable at maturity. The Notes are not subject to redemption prior to maturity. The Notes are in the form of fully registered Notes in the denomination of \$5,000 or any integral multiple thereof.

The Notes are issued for the principal purpose of providing interim funds for the payment of the District's operating expenses as more particularly described in the Resolution.

As to questions of fact material to our opinion, we have relied upon the representations of the Board contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Resolution. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and

opinions relating to the Notes, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, we are of the opinion that:

1. The District is a duly created and validly existing school district and a governmental authority created by Article IX, Section 4 of the Constitution of the State of Florida and the Board is the duly constituted governing body of the District.

2. The Board has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Board, is in full force and effect in accordance with its terms and is valid and binding upon the Board and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Revenues (as defined in the Resolution), subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. To the extent necessary, the Notes are additionally payable from, but are not secured by, legally available funds of the District derived from sources other than ad valorem taxation.

3. The District is duly authorized and entitled to issue the Notes, and the Notes have been duly and validly authorized and issued by the District in accordance with the Constitution and Laws of the State of Florida and the Resolution. The Notes constitute valid and binding obligations of the District as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws pursuant to which they are issued.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Notes (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with

certain of such requirements could cause the interest on the Notes to be so included in gross income retroactive to the date of issuance of the Notes. The Board has covenanted in the Resolution to comply with all such requirements. Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Notes.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Notes, respectively, may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Notes and, in our opinion, the form of the Notes is regular and proper.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School District of Pinellas County, Florida (the "Issuer") in connection with the issuance of its \$_____ Tax Anticipation Notes, Series 2016 (the "Notes"). The Notes are being issued pursuant to the Issuer's resolution adopted on September 27, 2016 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and in order to assist the original underwriter of the Notes in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

SECTION 2. REPORTING SIGNIFICANT EVENTS. The Issuer shall provide to the Municipal Securities Rulemaking Board (the "MSRB") and to any State Information Depository that is created in the State of Florida and with which the Issuer is legally required to file the information set forth herein and with which the Issuer is legally required to file the information set forth herein (the "SID"), if any, on a timely basis not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events, if such event is material with respect to the Notes or the Issuer's ability to satisfy its payment obligations with respect to the Notes; provided, however, to the extent the Issuer has provided notice of any such event to a dissemination agent pursuant to any other undertaking executed by the Issuer in accordance with the Rule, the Issuer's obligations as set forth in this Section 2 shall be deemed to be satisfied:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancement reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue or other material notices or determinations with respect to the tax status of the Notes, or other material or events affecting the tax status of the Notes;
- (G) Modifications to rights of Noteholders;
- (H) Calls on the Notes;

- (I) Tender offers with respect to the Notes;
- (J) Defeasance of the Notes;
- (K) Release, substitution, or sale of property securing repayment of the Notes;
- (L) Rating changes;

(M) Bankruptcy, insolvency, receivership or similar event of the Issuer (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);

(N) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(O) Appointment of a successor or additional trustee or the change of name of a trustee.

The Issuer may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 2, if, in the judgment of the Issuer, such other events are material with respect to the Notes, but the Issuer does not specifically undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above.

Whenever the Issuer obtains knowledge of the occurrence of a significant event described in this Section 2, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities law to holders of Notes, provided, that any event under clauses (A), (C), (D), (E), (F), (I), (J), (K), (L) or (M) above will always be deemed to be material.

SECTION 3. SUBMISSION OF INFORMATION TO THE MSRB.

The information required to be disclosed pursuant to Section 2 of this Disclosure Certificate shall be submitted to the MSRB through its Electronic Municipal Market Access system ("EMMA"). Subject to future changes in submission rules and regulations, such submissions shall be provided to the MSRB, through EMMA, in

portable document format ("PDF") files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. Such PDF files shall be word-searchable (allowing the user to search for specific terms used within the document through a search or find function available in a software package).

Subject to future changes in submission rules and regulations, at the time that such information is submitted through EMMA, the Issuer, or any dissemination agent engaged by the Issuer pursuant to Section 6 hereof, shall also provide to the MSRB information necessary to accurately identify:

- (A) the category of information being provided;
- (B) the period covered by the CAFR and any additional financial information and operating data being provided;
- (C) the issues or specific securities to which such submission is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (D) the name of any Obligated Person other than the Issuer;
- (E) the name and date of the document being submitted; and
- (F) contact information for the submitter.

SECTION 4. NO EVENT OF DEFAULT. Notwithstanding any other provision in the Resolution to the contrary, failure of the Issuer to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Resolution. To the extent permitted by law, the sole and exclusive remedy of any Noteholder for the enforcement of the provisions hereof shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations hereunder. For purposes of this Disclosure Certificate, "Noteholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Note for federal income tax purposes.

SECTION 5. INCORPORATION BY REFERENCE. Any or all of the information required herein to be disclosed may be incorporated by reference from other documents, including official statements or debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each document incorporated by reference.

SECTION 6. DISSEMINATION AGENTS. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

SECTION 7. TERMINATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon (A) the legal defeasance or payment in full of all of the Notes, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 8. AMENDMENTS. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision may be waived, if such amendment or waiver is supported by an opinion of counsel that is nationally recognized in the area of securities laws applicable to local governments, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any notices of the occurrence of significant events other than those events set forth in Section 2, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to provide notice of the occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in its future annual information or notice of occurrence of a significant event.

SECTION 10. OBLIGATED PERSONS. If any person, other than the Issuer, becomes an Obligated Person (as defined in the Rule) relating to the Notes, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

October __, 2016

**SCHOOL DISTRICT OF PINELLAS
COUNTY, FLORIDA**

By: _____
Superintendent