



# STEM WORKFORCE TRAINING CENTER

BAY HIGH SCHOOL 2018

## TRIUMPH FUND PROPOSAL

Application submitted by Bay District Schools

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## Applicant Information

1. **Name of Entity/Organization:** Bay District Schools - Bay High School

2. **Background of Applicant Individual/Entity/Organization:**

Bay County District Schools are governed by an elected five-member board, responsible for setting school policies which are designed with the goal of delivering the best possible education to each child. The policies govern budgetary, facility and personnel resources, as well as the students, faculty and staff at each school. School board policies also ensure that the local schools comply with state and federal laws. Bay District Schools is led by Superintendent William V. Husfelt, III. Superintendent Husfelt was first elected in November 2008 and was re-elected in both 2012 and 2016 serving his third term. The district is comprised of 47 schools: 5 high schools, 6 middle schools, 2 combined grade level schools (K-8, K-12), 3 special purpose schools, 1 adult technical school, 10 charter schools and 1 virtual school. The entire school system has a total membership of 28,461 students.

As a result of School Choice policy, Bay District Schools continues to strive toward developing schools that are unique, competitive and welcoming to all students in Bay County. Bay District Schools, with its educational and industry partners, is the gateway to a seamless career pathway for the youth of Bay County. The path to STEM related fields begin as early as elementary school but is primarily cultivated in the middle and high school level. Bay District Schools currently offers programs that fosters all levels of STEM related career pathways such as: advanced STEM courses, Advanced Placement (AP) Math and Science courses, career and technical education, career academies, industry certifications, dual enrollment, and cooperative education. Nonetheless, the school district is challenged by a variety of factors that are barriers to providing educational excellence in STEM and Career and Technical training. Key factors include: resources to construct a training center that is adequately equipped for exemplary STEM education, career academies, and technical training that can adapt to technological advancements; critical shortage of instructors that are certified to instruct STEM related subject matters, and socioeconomic factors that hinder learning among disadvantaged students.

a. Student Diversity

The student population includes nearly one-third representing a race other than white alone. The district reports that more than 800 students speak 25 languages and are from 40 other countries. Many students are considered in need, with 57% of the student population qualifying for free and reduced lunch.

Table 1.0 Bay District Schools Demographics by race/ethnicity (2016-2017)		
RACE	Number of Students	Percentage
White	19,063	68.6%
African American/Black	4,201	15.1%
Hispanic	2,030	7.3%
Asian	574	2.1%
Pacific Islander	52	0.2%
American Indian/Alaskan Native	126	0.5%
Multiracial	1738	6.3%

b. Bay District Schools Educational Attainment

Bay District students consistently score above state and national averages on state assessment tests, the ACT, and SAT. Middle and high school students have the advantage of preparing for their future beyond high school through a broad range of advanced academic programs and career education opportunities provided by the district. Local career pathways continue to be charted to regional postsecondary institutions including: Gulf Coast State College, Florida State University Panama City, Troy State University Panama City Branch, Embry Riddle Aeronautical University Panama City Branch, Bay District's Tom P. Haney Technical Center as well as other Florida colleges in the Northwest Panhandle.

Bay District Schools has seen steady graduation rates with a slight increase from 2014-15 to the 2015-16 school year. Using the same criteria, graduation rates for 2016-2017 continue to rise. However, the Florida Department of Education changed the criteria when counting graduation percentages, thus indicating a slight decrease in the graduation rates\*in year 2016-17.

Table 2.0 Bay District Schools Federal Graduation Percentage Rates (Standard Diploma)			
2014-2017			
School Name	2014-2015	2015-2016	2016-2017
Bay	77.2	84.3	89 DOE*: 79
Arnold	76.7	90.1	94 DOE*: 85.4

Mosley	75.4	87.2	96 DOE*: 85.5
Bozeman	71.9	85.4	94 DOE*: 80.2
Rutherford	67.9	81.5	88 DOE*: 75.2

c. Bay District Schools Teacher Demographics

Bay District Schools is the third largest employer in Bay County with over 3,000 full-time employees with an average of 12.6 years of experience. As of 2017, there are a total of 361 high school teachers in Bay County. The teacher count in these subject areas have fluctuated slightly within the past three years resulting in the school board's identification of "critical shortage areas" for specific STEM instructors.

Table 3.0 Bay District Schools H.S. Teacher Count			
	2015	2016	2017
<b>Total Teachers</b>	387	369	361
<b>Math Certification</b>	86	75	77
<b>Science Certification</b>	68	77	77

Table 4.0 Bay District Schools Instructor STEM Critical Shortage Areas		
<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
<i>Physics Chemistry</i>	<i>Physics Chemistry</i>	<i>Math 6-12, Biology, Chemistry, Physics</i>

However, many current instructors demonstrate a dedication to teaching excellence. Several STEM teachers from the district have earned the prestigious top-level evaluation issued by the Florida Department of Education of "highly effective". From the 2015-2016 academic year, 39% of all the High School Math teachers in Bay County were evaluated as "highly effective" and over 60% High School Science teachers earned the highest evaluation.

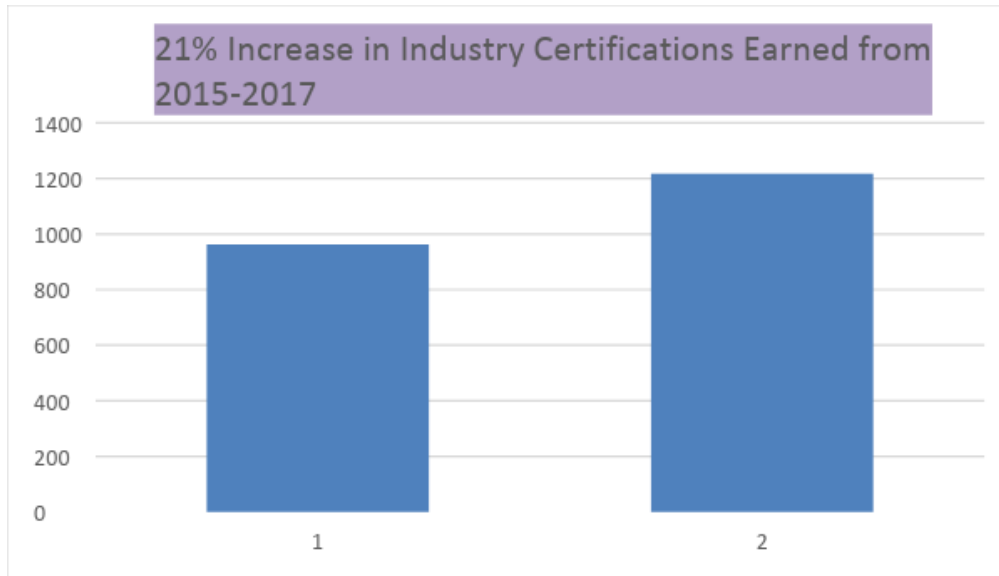
Table 5.0 Bay District Schools “Highly Effective” Math and Science Teachers (2015-2016)						
School	Math		Total Number	Science		Total Number
Mosley	5	33%	15	7	64%	11
Bay	3	27%	11	5	63%	8
Bozeman	2	40%	5	1	25%	4
Arnold	8	62%	13	6	60%	10
Rutherford	3	30%	10	7	70%	10
Total	21	39%	54	26	63%	43

d. Bay District Schools Career & Technical Education Demographics

At Bay District Schools, CTE programs are offered through career academies which are small, personalized learning communities within a high school that provide students with exposure to a career field. Career and Technical Education (CTE) focuses on developing academic and technical skills as well as the knowledge and training necessary to succeed in future careers. CTE prepares learners for the world of work by introducing them to workplace competencies, hands on training and offering industry certifications that are portable and stackable.

Bay District Schools is committed to CTE and continues to expand its offerings. Career pathways are being developed through establishing new CTE courses that bring promise for future training and employment. In the 2016-2017, there were 38 Career & Technical Education High School teachers and 6 Middle School teachers instructing as part of CTE programs and Career Academies. The industry areas include: Engineering (STEM), Digital Information Technology, Construction, Agricultural Technology, Medical Technology, Culinary, Entrepreneurship, Manufacturing, Early Childhood Education, Fashion Design, Hospitality and Tourism, and IT/Cybersecurity Programming.

There has been tremendous progress in the earning of industry certifications by the students. Between 2015-2017, the number of students that earned certifications increased by 21%. In the 2014-2015 year a total of 448 Industry Certifications were earned by students. Graphed below in 2015-2016 (Bar 1) a total of 963 industry certifications were earned and by 2016-2017 (Bar 2) a total of 1217 were earned by Bay District students.



The efforts have been rewarded by the Florida Career and Education (CAPE) Act funding granted from industry certifications earned by Bay District School students that were listed on the state funding list. In the 2015-2016 school year, the dollar amount attained from CAPE funding was \$359,221.78. The increase of certifications earned in the 2016-2017 school year, reaped an even more award of \$515, 683.

The plan for Bay District Schools is to expand its CTE programs each year and exponentially increase the number of students earning industry certifications. Partnering with industry leaders and advisors is an essential aspect of the curriculum. Students that complete CTE programs are ready to work as soon as they graduate. Bay High School currently has a Health Science, Hospitality & Tourism, and Digital Design Career Academy and intends to expand its offerings in careers that are in demand. However, to provide adequate workforce training for such career fields, the school is in great need of a center that has the infrastructure that can accommodate the equipment and labs necessary to establish programs that meet educational and training demands for future generations.

3. Federal Employer Identification Number: 59-6000511
4. Contact Information: Katie McCurdy  
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6. Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.
7. Total amount of funding requested from Triumph Gulf Coast: \$10,000,000
8. Has the applicant in the past requested or applied for funds for all or part of the proposed project/program? No
9. Describe the financial status of the applicant and any co-applicants or partners:

Bay District Schools is in good financial status. As indicated in the Carr Riggs & Ingram 2016 audit, as of June 30, 2016 cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. **(See Appendix i)**

## Eligibility

1. Purpose of the proposed project:
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties.
  - Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer.

## 2. Project Title and Description

The proposed project is the construction and program development of the first Bay District Schools state-of-the art **STEM Workforce Training Center**. The center will play a critical role in **building a sustainable workforce pipeline** in Bay County as well as the Northwest Florida region from one of the most socioeconomically and racially diverse high schools in Bay County. The programs offered within the center would be an essential entry point for all attending students to participate in STEM career curriculum that can solidify their pathway toward life-changing workforce and academic options. If funded, the STEM Training Center will have a transformative impact that will serve as workforce resource for local and regional employers for many years to come.

Over 1100 students, year after year will be exposed to a career and technical training environment and have opportunities to engage in a combination of career and technical education (CTE), advanced STEM coursework, career academies and earn industry certifications. These courses include foundational math and science, Advanced Placement, AICE and Honors STEM curriculum. Students will develop skills that charts a career pathway toward securing high-demand occupations upon graduation or allows them to enter a post-secondary degree program from Gulf Coast State College, Florida State University Panama City or any other Florida college or university if desired. Credits and certificates earned at this level could also be articulated to area post-secondary institutions as well as at Tom P. Haney Technical Center. The exposure to STEM related concepts delivered in such a center would inspire longevity in career pathways and the passion to continue their education.

The facility is projected to be a 49, 697 square foot building that dedicates the entire first floor to workforce training and technical education that supports expanding local and regional industry clusters that have a critical need for talent. The entrance area will display work by students and will capture the essence of what students are learning in such workforce programs.

The planned training labs for construction include Health Sciences, Robotics & Engineering, Technology, Manufacturing and Welding. These Workforce Training Labs will be flexible and easily transformed as industry training needs are identified. The priority focus will be to provide skill-based career training that ensures that high school students from such programs are career-ready and prepared to be employed upon graduation or can readily enter aligned programs at Gulf Coast State College, Haney P. Technical Center and other educational institutions throughout the Northwest Panhandle.

The featured Workforce Training Labs will incorporate existing career academies and new programs that strive to address emerging industry workforce labor shortages. Area industry professionals will be recruited to be actively involved in the creation of the curriculum through serving as key advisors to instruct in the classroom, and to serve as guest speakers and mentors.

Planned Labs are as follows:

- **Health Sciences Lab.** This area will feature instruction for becoming a Certified Nursing Assistant and other health related occupations. Graduates from this program may pursue a Bachelor's degree in Nursing locally at Gulf Coast State College.
- **Robotics & Engineering, Technology and Manufacturing labs.** This area will provide training which is in direct alignment with the Florida Department of Education standards for the Engineering Technology Applied Science degree, Digital and Advanced Manufacturing, Cybersecurity and Unmanned Vehicle program available at Gulf Coast State College and other Northwest Panhandle Florida colleges.
- **Welding Lab.** This space includes virtual trainers and that will prepare students for advancement into the welding program at Haney P. Technical Center, a workforce resource for companies such as Eastern Shipbuilding and other advanced manufacturing companies.

The second and third floor will include classroom spaces, computer labs and laboratories that are adequately equipped for advanced Science instruction and are ADA compliant. The new labs will have adjacent support spaces, built in secure storage casework, lab work tables, teacher demonstration tables, fume hoods, interactive SMART boards, emergency eye wash and gas cut off equipment. Classrooms are planned to be constructed to support lab instruction activities and mathematics. These learning spaces will be equipped with the latest in interactive electronic learning technologies that can enhance instruction in foundational, Advanced Placement, and Honors STEM curriculum.

The STEM Center will also serve as a resource for many other activities that supports a regional approach in meeting the Triumph fund priorities including but not limited to:

- **industry and economic development tours to demonstrate area workforce potential.**  
The STEM Training Center would be an added destination for site visits by companies that have an interest in gaining a foothold to the region. The programs within the center would indicate to industry visitors that there is a commitment to educate and train students and there is a coordinated effort by the secondary and post-secondary institutions to seamless career pathways.
- **career exploration, job placement and internship programs.**  
In collaboration with industry and educational partners, organized recruitment events for students will be welcomed to present career opportunities for the students at large.
- **industry certification training, review, and testing.**  
Industry certification review and testing sessions for CTE students will be held for CTE students throughout the district. This offering would parallel the review sessions available for AP courses and other standardized testing.

- **quality in-service teacher training for STEM education teachers from the entire region.** Training of best practices and innovative teaching in STEM and CTE education will be prioritized in the center. This will ensure that highly effective STEM teachers continue to excel while other teachers learn from other professionals throughout the region.
- **professional development for Administrators and Principals** regarding career industry trends and research that validates the importance of STEM education.

a. Location Overview: Bay County

The planned location for the proposed project is on the Bay High School Campus, 1200 Harrison Ave. in historical downtown Panama City, Bay County, Florida. If funded, the building will be featured along Harrison Avenue, a business fairway that is in need of beautification and gentrification of the surrounding area.

*Bay County Demographic Landscape*

Bay County is considered one of the disproportionately affected areas that need Triumph Funds. The county is located on the Gulf of Mexico in Northwest Florida between Pensacola and Tallahassee, one hundred miles from either destination. It is comprised of seven municipalities with their own mayor/commissioner form of government: Panama City, Panama City Beach, Lynn Haven, Springfield, Mexico Beach, Callaway, and Parker. The unincorporated areas of the community are governed by the Bay County Commissioners.

Bay County's economic anchors are tourism, military, education and a diverse group of local industries ranging from call centers of nationally known companies to major manufacturers. The area includes one of the newest airports in the United States, Northwest Florida Beaches International Airport. Bay County is also known to be a military-friendly community home to Tyndall Air Force Base and the Naval Support Activity which employs over 10,000 military and civilian personnel.

*Bay County Job Outlook*

According to the *Northwest Florida Forward 2009-2016* report, regional data indicates a slower (6.6%) job growth compared to state and national averages. However, jobs grew by 8.0% in the region's five most populated counties which includes Bay County. Although the growth is promising, the available workforce to fill positions that require advanced educational attainment falls critically short.

In Bay County, great strides have been made because of the relentless pursuit of momentous opportunities by local industry and economic development leaders. Such success has resulted in an aggressive recruitment and training challenge for local educational institutions. Examples include two companies in 2016 that provided a much-needed boon to the local economy:

- 1.) *Berg Steel Pipe Corp* --a European-owned manufacturing company that builds natural gas pipelines located on the Panama City Port-- announced that it secured two large

contracts resulting in the company's capturing between 40 and 50 percent of the domestic market share.

2.) *Eastern Shipbuilding* --a local commercial shipbuilder, landed a record \$10.5 billion contract to build two dozen new U.S. Coast Guard cutters bringing over 2,000 jobs to the county.

The most recent economic triumph for Bay County was the 2017 decision of *GKN Aerospace* to establish a manufacturing facility in Bay County's Venture Crossings Enterprise Center. The notable addition of this company to the area represents a \$50 million capital investment that will create an estimated 170 new highly skilled jobs for the region with an average salary of \$65,000.

Momentum continues not only in bringing in new industrial opportunities but also revitalizing Bay County's military activity that has been a major economic factor in the area. In late 2017, Tyndall Air Force Base was selected as the preferred site for the MQ-9 Reaper wing, a decision that will strengthen the local economy. It is projected that over 1600 Airmen could arrive in 2020, with aircraft following in 2022. The wing is expected to increase Tyndall's workforce by more than 30 percent.

#### *Bay County Educational Attainment*

Unfortunately, after the age of 18, data suggests that educational attainment stops for most, experiencing some college but not advancing to complete a Bachelor's degree. These statistics indicate that young adults in Bay County are limited by their educational attainment which hinders them from having the opportunity to be a candidate for the high skilled positions in which there are critical workforce shortages. According to 2011-2015 Census data, of those between the age of 18-24, 41% have attained some college or an Associate's degree while only 6.8% of this age group have earned a Bachelor's degree or higher.

Table 6.0 Educational Attainment for population 18 to 24 years in Bay County	
Less than high school graduate	19.6%
High school graduate (includes equivalency)	32.1%
Some college or associate's degree	41.6%
Bachelor's degree or higher	6.8%
Source: 2011-2015 American Community Survey (ACS), U.S. Census Bureau	

According to the *Florida Forward County Snapshot*, the 2015 educational landscape for all ages in Bay County is generally reflective of the statistics for ages 18-24. The data indicates that 87.6% of the total population has obtained a high school diploma (includes equivalency) or above. However, statistics suggest that there are less people overall in Bay County that have obtained an Associate's degree or above (31.9%) compared to those ages 18-24. A distinction occurs when the total population (all ages) in Bay County is accounted for, in such case there is an increase of those who have earned a Bachelor's degree or above (21.6%) compared to the 18-24 age group.

This lack of educational attainment contributes to the shortage of skilled workers residing in the region thus influencing the total economic conditions of the area. According to a 2015 economic analysis conducted by the Haas Center --a research and consulting arm of the University of West Florida that engages in applied research and strategy development in economics and across the social sciences-- the largest cities within Bay County (Panama City, Panama City Beach and Lynn Haven) have a lower than average job skills index (-4.4) ranking 15<sup>th</sup> out of 22 Florida areas examined. The job skills index measures a combination of economic factors including skill levels needed for occupations, price of goods and services from area to area, labor supply or demand and regional amenities. The higher the job index, the healthier the economy is within the area. This area ranked lowest out of all other Northwest Florida regions compared to Pensacola, Ferry Pass and Brent earning a (.09) and Crestview, Ft. Walton Beach and Destin (1.3). In perspective, the national job index average in this study was 0 and Florida ranked 39<sup>th</sup> out of all 50 states earning a (-1) job index.

#### *Bay County Income*

The educational level of the population in Bay County may have a correlation to the income level attained in Bay County as well as in the region. The report reveals that in 2014, 14.75% of the total population in Bay County live below the poverty level, slightly lower than the region's (15.8%) and the national (15.6%) population living in poverty. However, the median income in Bay County (\$47,274) is lower than both the region's (\$48,567) and national (\$53,482) median income level.

Other employment factors in Bay County may contribute to the lower than average median income level. Bay County is a coastal area in which the economy is primarily dependent upon Hospitality and Tourism and local government positions (education). The *Florida Forward County Snapshot* points out that in 2016 the top industry for employment (6,248 jobs) is in full-service restaurants with average earnings of \$22,771. Second, are positions filled in elementary and secondary schools (4,832 jobs) earning an average of \$46,831 annually.

b. Location Overview: Bay High School

*Bay High School Demographic Landscape*

The STEM Center is a needed addition to the educational landscape of the Bay High Campus. Bay High is currently in the process of major redevelopment partly due to the generosity of a local donor that contributed funding to build a new performing and fine arts building. This opportunity was the impetus to create a development plan that requires the demolition of an outdated science and math wing and to propose the construction of a state-of-the art STEM Training Center that can provide quality career and technical training in STEM education, career academies and advanced STEM courses.

Bay High School is one of eight Bay District public high schools that have a significant low-income population in our county. Data reveals that while enrollment in Bay High School has decreased slightly between 2014-2016, the number of students enrolled that qualifies for free/reduced lunch (considered low-income) almost doubled. In comparison to the districts most populated high schools, the data indicates that within in the last three years, all comparable high schools in the district experienced growth in student populations that qualify for free/reduced lunch. This increase suggests that more families in the area struggle to earn an income that can provide basic needs for a family. Data indicates that Bay High has the largest number of students in need, qualifying them for free/reduced lunch.

Table 7.0 Bay District School Comparison 2014-2016									
	End of year enrollment			Free/reduced lunch No. of students   percentage					
H.S.	2014	2015	2016	2014		2015		2016	
Bay	1294	1221	1178	366	28%	601	49%	646	55%
Rutherford	1108	1027	1031	367	33%	512	50%	569	55%
Mosley	1626	1677	1718	295	18%	489	29%	536	31%
Arnold	1571	1517	1546	331	21%	575	34%	588	34%
Bozeman (rural)	435	480	503	138	32%	255	53%	270	54%

Bay High is home to a very diverse student population with nearly half representing a race other than white alone. Bay High has the most African American, Hispanic/Latino and Multiracial students in each racial group out of all comparable High Schools.

Table 8.0 Bay District Schools Enrollment by Race (2017)								
RACE	BAY		RUTHERFORD		MOSLEY		ARNOLD	
White	686	58%	528	52%	1408	82%	1349	86%
Hispanic/ Latino	131	11%	65	6%	116	7%	104	7%
African American/ black	350	30%	327	32%	168	9%	84	5%
American Indian/ Alaskan	4	<1%	5	<1%	5	<1%	10	<1%
Asian	30	3%	55	5%	33	2%	38	2%
Hawaiian/Pacific Islander	2	<1%	5	<1%	5	<1%	2	<1%
Multi-Racial (counted as other races)	101	9%	90	9%	89	5%	100	6%
<b>TOTALS</b>	1173		1010		1712		1563	

#### *Bay High School Advanced Program Curriculum*

Bay High School offers unique opportunities for motivated and academically able students in the entire district who choose to attend the school. Students can earn college credit through dual enrollment, Advanced Placement courses, and the Advanced International Certificate of Education (AICE) program, an international pre-university curriculum and examination system offered by the University of Cambridge. Due to such offerings available at Bay High, there has been enthusiasm by the students to enroll in STEM related courses. Within the last three years, the number of students enrolled in AP Math, AP Science and AP Computer Science more than doubled. Similarly, the number of students enrolled in AICE Math, Science and Computer Science also increased year after year.

Table 9.0 Total number of Bay High students enrolled in AP Math, AP Science, and AP Computer Science (2015-2017)		
2015	2016	2017
31	52	154

Table 10.0 Total number of Bay High students enrolled in AICE Math, AICE Science, and AICE Computer Science (2015-2017)		
2015	2016	2017
79	116	121

Bay High School is proud of the academic success accomplished by AICE students in STEM subjects. In 2016, Bay High students earned a 100% passing rate on the AP Calculus exam and the AICE Mathematics exam. Ninety percent of the AICE Freshman enrolled in Physics while 80% of the AICE Sophomores enrolled in Chemistry. Much of this success is attributed to Bay High's participation in the National Math and Science Initiative (NMSI) College Readiness Program, a \$2,668,330 Department of Defense grant provided to increase five Bay District High Schools' student enrollment in AP courses and passing scores on the AP exams in Science, Math, and English over the next 3 years. This funding was offered to Bay District Schools due to the significant population of military families within the Bay County area.

c. Case for economic recovery, diversification and enhancement

It is well documented that the nation is facing a critical crisis in Science, Technology, Engineering, Mathematic (STEM) education, training and workforce development. The effect of this STEM educational gap is a workforce talent shortage that has resulted in our nation lagging behind as an international leader in innovation, research and industrial growth. According to the National Science Foundation (NSF) 2014 report *Revisiting the STEM Workforce: A Companion to Science and Engineering Indicators*, that to remain competitive, our nation needs flexible STEM-capable workers at every education level which includes not only those with a Bachelor's degree but what is considered "sub-baccalaureate" or workers that are high school graduates, have two years technical training or have earned an industry certification.

Without adequate STEM instruction and CTE, positions that require advanced knowledge of STEM concepts will remain unfilled while new positions that require STEM competencies will continue to emerge. An opportunity lost by so many students graduating from high school throughout the nation and especially within the Northwest Florida region. STEM education

offers substantial career potential, data in the NSF report indicates that in 2010, about 5 million U.S. workers were officially classified as having a Science and Engineering occupation. Yet an estimated 16.5 million college-educated individuals, including many working in sales, marketing and management, reported that their job required at least a bachelor's degree level of Science and Engineering training. In recent years, the number of such positions requiring these STEM related capabilities continue to grow on both the national and state level.

**High school graduates, with the right education and training pathway, can be the diverse workforce talent pool that provides the foundation toward economic recovery in the region.**

Per the *Northwest Florida Forward County Snapshots County* report, out of the 2015 estimated total population (181,635) of Bay County, close to one quarter (21.5%) of the population are school-aged children 17 years and younger. This group is a significant portion of the community that can be fostered to enter the workforce pipeline needed to enhance economic growth. However, students in Bay County will not be considered as qualified candidates for emerging positions that offer a living wage unless they participate in advanced STEM and Career and Technical training at the secondary level.

Unfortunately, the number of students entering advanced STEM education and CTE at the Secondary level continues to be a critical determining factor for the economy. The *Florida Forward Technical Report*, a strategic economic development collaborative for Northwest Florida, indicates that there is a *labor shortage* of high skilled workers (bachelor's degree and higher) in all 13 counties in Northwest Florida. The percentage of the region's population with a bachelor's degree or higher (23.0%) is behind both the state of Florida (26.8%) and the nation (29.3%). The situation is compounded by the limited number of secondary and postsecondary level students that graduate with career and technical education, that earn industry certifications, and who have successfully completed high-level STEM classes that academically prepare them for STEM related career pathways.

**A STEM Training Center will diversify as well as enhance future career and economic opportunities.** Students that participate in academically advanced STEM curriculum in the proposed STEM Training Center, are a key part of the solution to the critical shortage of "Highly Skilled" workers needed in our region. The center will be an exceptional environment to excel in STEM curriculum, thus encouraging the pursuit of more formal education in STEM. The income potential for such students pursuing STEM fields have shown to be provide fruitful economic opportunity as well. Research suggests that those who graduate with STEM related majors earn a median income significantly more than the median income level of those living in Bay County (\$47,274) as well as the region (\$48,567). The Department of Education Report *Baccalaureate and Beyond: A First Look at the Employment Experiences and Lives of College Graduates, 4 Years On*, looked at four years of data on college graduates and found that STEM majors on average earn \$65,000 a year, while non-STEM majors earned about \$15,500 less. STEM majors were also more likely to be employed and hold only one full-time job, rather than a part-time job or multiple jobs.

The economic outlook for students in Northwest Florida pursuing less than a Bachelor's degree in STEM related fields and through CTE demonstrates is also positive. The Florida Department of Economic Opportunity 2016-2024 projections, indicates that over 58% of the 50 fastest growing occupations require sub-baccalaureate education such as a postsecondary adult vocational (PSAV) certificate or an associate degree. Many of these fields begin with a strong technical training foundation or STEM-based learning including: Medical Assistants, Nursing Assistants, Electricians, Web Developers, Software Developers, Diagnostic Medical Sonographers, Physical Therapist Assistants, Computer Systems Analysts and Industrial Machinery Mechanics.

**Funding Career and Technical Education demonstrates a return on investment.**

Research suggests that Career and Technical Education programs is a good strategic investment and has shown to be a critical asset to the economy. The Association of Career and Technical Education (ACTE) reports, investment in Career and Technical Education provides exponential economic return. The report cites an example for Washington State, estimating that for every dollar spent on Secondary CTE students, taxpayers receive a \$9 return on investment. In Tennessee, CTE returns one dollar for every \$2 invested and at the secondary level, CTE program completers account for over \$13 million annual tax revenues.

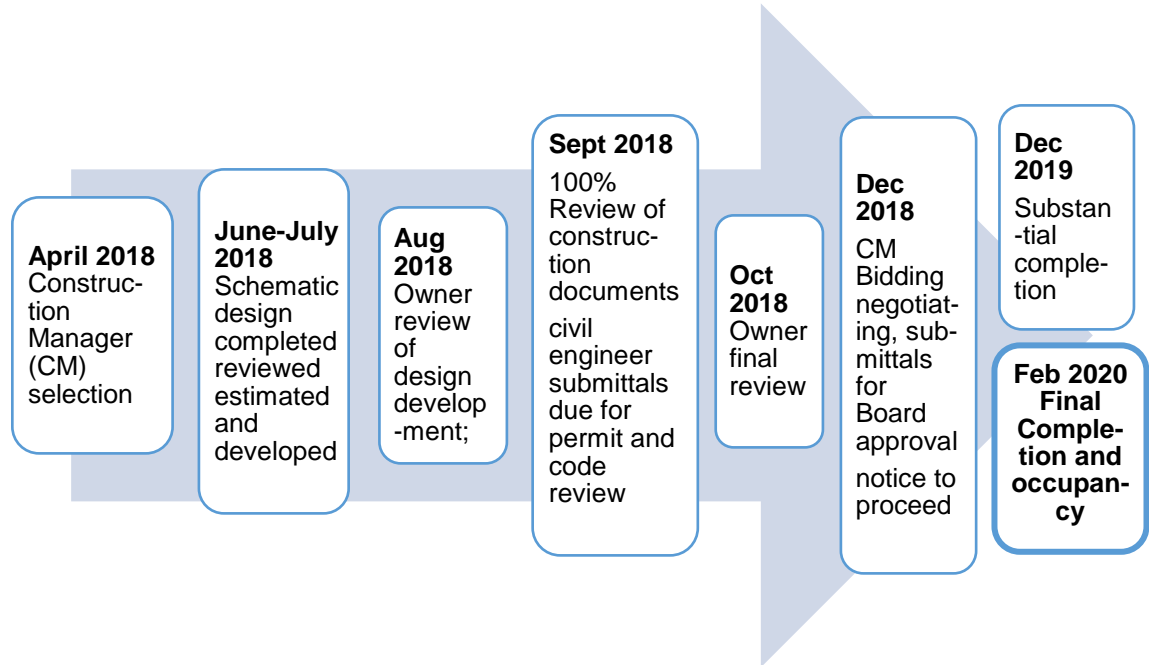
In addition, data indicates that students who earn CTE credits helps High School students succeed. A U.S. Department of Education, *Data Points* (July 2016) report on *Career and Technical Education Course taking and Postsecondary Attainment*, suggests that students that have been exposed to CTE are more successful in their educational and occupational journey. They are more engaged, graduate at higher rates and typically go on to postsecondary education. Florida high school CTE students, specifically, has been documented to have notable success. According to the *ACTE Florida Fact Sheet* citing U.S. Department of Education Office of Career and Technical Education data, Florida served 290,731 CTE High School students in 2014-2015. Out of these CTE students, 94% graduated from high school; 88% met performance goals for mathematics; and 87% met performance goals for reading/language arts skills.

**The STEM Training Center will improve the quality of life of the residents of Bay County and throughout the region year after year.**

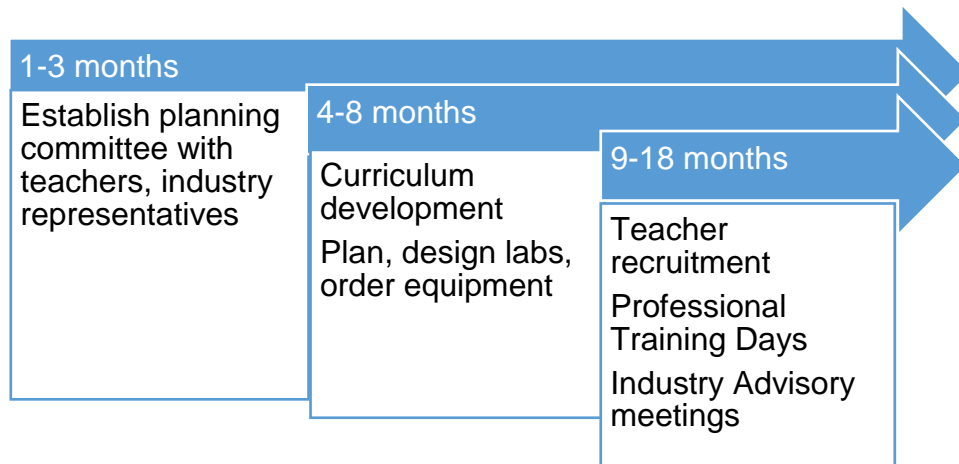
The STEM education and relevant CTE that will be provided by the proposed project can result in higher wages and long-term employment, both key indicators of an improved quality of life. Over 1100 students, year after year will be a part of an academic culture that emphasizes career and technical education and STEM excellence. Overtime, the graduates from this program will have developed the necessary skills to fulfill the foundational needs that are sought by both local and regional industries and be an essential part of shaping a thriving economic community. Gateways of opportunity for the participating students will be broadened to a regional level due to the portability of industry certifications earned at the center as well as through the ability to articulate advanced STEM courses to postsecondary institutions throughout the Northwest Panhandle.

d. Timeline

Construction and program plans are already in progress for a traditional Science building. If funded, the planned construction of the proposed STEM Training Center would be integrated into the current planning process with a planned completion of February 2020.



If funded, academic program planning will begin immediately in preparation of the new facility and programs. Timeline is as follows:



e. Affected Counties

The program will be established in Bay County and will have a positive ripple effect in supplementing the workforce pipeline for the entire Northwest Florida region. The investment in cultivating talent in Bay County supports an overall regional approach that demonstrates to

current and potential foothold companies that the Northwest Florida Panhandle is committed to developing a workforce they can depend on.

3. How the project is transformational and how it will affect the disproportionately affected counties in the next ten years.

In Northwest Florida, the lack of STEM talent has been a detriment to the region's economic growth and development. In the Northwest Florida Forward, comprehensive economic development report entitled, *A Regional Strategy for Economic Transformation* indicates that sustainable improvement in STEM Education and training is central to establishing a local talent pipeline that can result in transformational change.

The report asserts that the future of the economy will be dependent upon the available workforce that are educated in STEM related subjects and trained through Career and Technical Education initiatives. Survey data presented identified that the accessibility to talent (availability of high skilled labor) is the number one factor in the decision for a company to relocate. Further research indicates that in the 13-County Region that is considered Northwest Florida (Bay, Calhoun, Escambia, Franklin, Gulf, Holmes, Jackson, Liberty, Okaloosa, Santa Rosa, Wakulla, Walton, Washington), between 2009 and 2016 job growth was slower in the entire region (6.6%) compared to state (14.1%) and national growth rates (9.0%). This slow growth motivated economic development leaders to encourage new companies to relocate within the region to provide more jobs to local communities. However, in order for regional economic progress to occur, substantial efforts must be made to enhance STEM education and training opportunities to our local workforce so that new companies would be willing to establish a foothold in the region and existing area companies can grow. These companies will need access to an educated and trained talent pool that can readily contribute to innovation and expansion opportunities.

A STEM Workforce Training Center aligns with the recommendations and would provide transformational change in the future of the lives of Bay County residents for many generations to come. The academic and workforce training opportunities that will be made available will forever diversify the options for all Bay County students. The continuity of graduates from this program will be a part of the long-term solution that addresses the notable workforce crisis of ensuring that there is a qualified candidate pool that current and future companies can depend on. Furthermore, these students will have the opportunity to embark on career and educational pathways that are considered high demand occupations listed on the Florida Department of Economic Opportunity for the affected counties. Such occupations, require high quality secondary STEM education as a critical foundation toward advanced post-secondary education and certifications needed in those career pathways. The positive impact to the socio-economic class of the residents in the county from such opportunity can be life-changing.

A diverse set of students will be inspired by the educational setting and will be encouraged to further develop skills needed so they have a choice in their career and educational pathway that

can go beyond the hospitality and tourism Industry. At the current rate, there are over 1100 students that attend Bay High school every year graduating over 200 students year after year. Upon graduation, students can obtain positions in STEM related fields while pursuing a post-secondary degree from Gulf Coast State College, Florida State University Panama City or any other Florida college or university. Non-degree seeking students may also continue technical training at Haney Technical Center. In a period of ten years, over 2000 graduates will have had quality STEM education as well as career and technical education that set the pathway toward a bright future.

The project will strengthen the career pathway models have already been charted by a collaboration with Bay District Schools, Gulf Coast State College and Florida State University-PC to ensure that the transition from high school CTE to college is clear. The pathways highlight the Career and Technical Education offered at Bay District Schools and the next education and training steps necessary to attain positions in related fields.

The employment forecast is promising for these students if they continue to excel in STEM curriculum and CTE offerings. Data supports that high demand and higher than average wage occupations that are listed on the Florida Department of Economic Opportunity for affected counties continue to grow and include careers that require high quality secondary STEM education as a critical foundation toward those career pathways.

The table 11.0 notes some occupations on the Bay, Franklin and Gulf County demand list that requires STEM education and the annual percentage of predict growth and openings for such occupations.

<b>Table 11.0 Regional Demand Occupations List for Bay, Franklin, and Gulf County (2018-2019)</b> <i>Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics</i>			
<b>Occupation (STEM related)</b>	<b>Annual percentage Growth</b>	<b>2017 Entry Wage</b>	<b>Annual Openings</b>
Accountants and Auditors	1.78	20.85	61
Computer Network Architects	1.42	22.46	1,333
Airline Pilots, Copilots, and Flight Engineers	1.76	47.37	549
Computer Network Support Specialists	1.50	17.76	913
Computer Systems Analysts	2.70	27.27	1,867
Computer User Support Specialists	2.02	14.29	3,383
Cost Estimators	1.80	18.16	1,649
Database Administrators	1.78	26.16	649
Diagnostic Medical Sonographers	3.24	24.51	511
Machinists	1.50	13.43	1,176
Medical and Clinical Laboratory Technologists	1.81	24.24	811
Physical Therapist Assistants	3.94	24.28	899
Registered Nurses	1.90	20.46	122

Software Developers, Applications	2.43	27.52	3,276
Web Developers	3.20	18.75	1,102
Welders, Cutters, Solderers, and Brazers	1.02	12.42	42

The data for other affected counties including Escambia, Santa Rosa, Okaloosa and Walton County mirror a similar forecast. Thus, providing more options for graduates to be candidates for positions throughout the region.

**Table 12.0 Regional Demand Occupations List for Okaloosa, Walton, Escambia and Santa Rosa Counties (2018-2019)**  
*Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics*

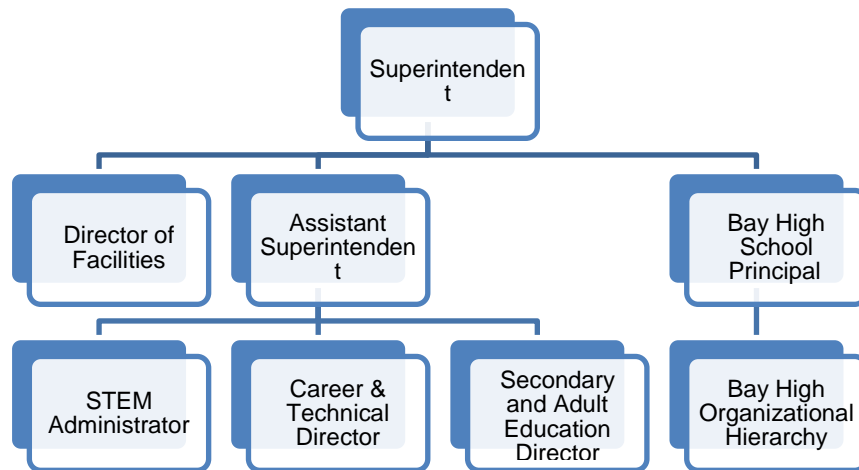
Occupation (STEM related)	Annual percentage Growth		2017 Entry Wage		Annual Openings	
	Okaloosa Walton	Escambia Santa Rosa	Okaloosa Walton	Escambia Santa Rosa	Okaloosa Walton	Escambia Santa Rosa
Accountants and Auditors	1.81	1.88	20.98	18.37	92	136
Computer Network Architects	1.42	1.42	22.46	22.46	1,333	1,333
Airline Pilots, Copilots, and Flight Engineers	1.76	1.76	47.37	47.37	549	549
Computer Network Support Specialists	1.50	1.50	17.76	17.76	913	913
Computer Systems Analysts	2.70	2.70	27.27	27.27	1,867	1,867
Computer User Support Specialists	1.71	1.75	16.79	12.97	46	74
Cost Estimators	1.80	1.28	18.16	17.51	1,649	41
Database Administrators	1.78	1.78	26.16	26.16	649	649
Diagnostic Medical Sonographers	3.24	3.24	24.58	24.58	511	511
Machinists	1.50	1.50	13.43	13.43	1,176	1,176
Medical and Clinical Laboratory Technologists	1.81	1.81	24.24	24.24	811	811
Physical Therapist Assistants	3.94	3.94	24.28	24.28	899	899
Registered Nurses	1.68	1.61	20.52	21.75	144	346
Software Developers, Applications	1.73	2.57	32.15	27.78	54	41
Web Developers	NR	3.2	16.36	18.75	NR	1,102
Welders, Cutters, Solderers, and Brazers	.93	1.48	12.91	13.10	1,706	38

The creation of the STEM Workforce Training Center will serve as evidence for future economic development site visits, that Bay District Schools is committed to fostering diverse talent and building an infrastructure that improves the quality of place and livelihood for all Bay County families. Without such opportunity, the economy may remain stagnant due to the lack of talent available to existing and potential foothold companies.

In addition, foundations and other potential industry funders will be able to see this STEM Workforce Training Center as a resource that can be leveraged, thus positioning the state, county and region for future workforce development initiatives and grants.

4. Viability of the proposed program:

The School Superintendent and the Director of Facilities, within the Division of Operational Support Services will oversee the planned project construction for the STEM Training Center. The programs established in the building will be managed by the Principal of Bay High School in collaboration with school administration, STEM instructional and support staff as well as the District STEM Coordinator and the Career and Technical Education Director. This working committee will be established in the early stages of project planning until full implementation of the STEM Training Center.

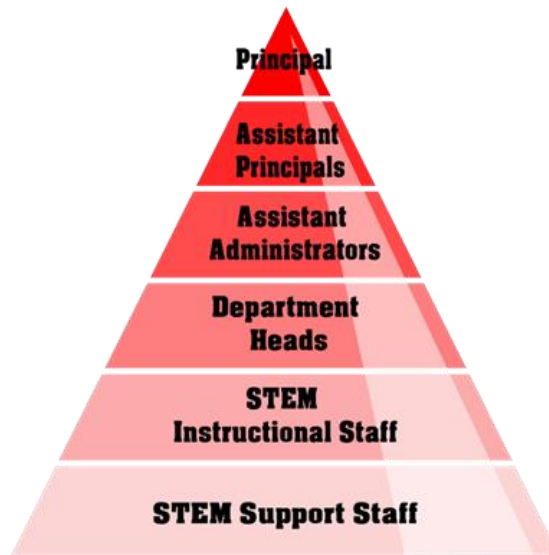


Integrated into the organizational structure and operations

The project design and program plan is inherently viable as it will be fully integrated into the overall organizational infrastructure of Bay High School. Participation in the programs offered at the STEM Training Center will be required by over 1100 students annually thus ensuring participation and daily utilization of the center.

The operation plan will be administered by Bay High School as a part of the Bay District School's organizational structure. The Bay High School Principal, Assistant Principals, Administrators and Staff will coordinate with Bay District Administrators to ensure that the project will reach set

## Bay High School STEM Building Organizational Chart



objectives. The school will be held to all accountability measures set forth by the Florida Department of Education and Bay District School Board.

### Mission Alignment

The viability of the proposed project is also solidified by the full alignment of its mission with the academic goals outlined in the Bay District Schools Strategic Plan. The STEM Training Center is expected to advance the goals and strategy of the school district that will make a long-term impact in both career placement and academic

achievement for all students throughout the region. The following are the goals and objectives which the STEM Training Center will address that align with the overall vision for Bay County.

### ❖ ***Build a sustainable workforce talent pipeline for Bay County and the Region***

- Objective – Increase the career academies and career pathways offered based on community need for high-demand and high-wage jobs. Bay High will increase CTE offerings available to all Bay County students.
- Objective - Increase by 15% the number of industry certifications earned by students over the next 5 years. Since 2013, the number of students earning an industry certification has increased year after year, which has resulted in the district nearly reaching its targeted objective for certification earners. The opening of the STEM Training Center will advance the earnings of certifications by students and will be a catalyst for exceeding the targeted objectives.
- Objective - Enhance career opportunities and counseling (job shadowing, internships, career dual enrollment, etc.) for all students, including post-secondary students and modified programs for Students with Disabilities. Job fairs, career days, and career programs developed in partnership with education navigators, industry human resource managers and CareerSource employment counselors will take place to promote job placement and educational advancement.
- Objective- Stay current in industry standard software and industry certification exams to support workforce development and high skill, high income jobs. Computer labs that have the capacity to apply the appropriate software required by industry is critical to the success of the student in these classes. Software programs such as Solidworks,

Adobe Suite, Autodesk, Mastercam must be continuously upgraded and renewed to ensure that the instructional content is relevant to industry.

❖ ***Adapt a cradle to career education model to expand the promotion of science, technology, engineering, and math (STEM) programs and technical skills development as early as grade school to build long-term talent supply.***

- Objective – Participate in county and regional workforce groups as part of a cohesive effort to match talent needs with educational curriculum. The Superintendent, the Bay District STEM Director, Career and Technical Education Director and Bay High School Principal shall participate in collaborations that steer the County's and Region's educational priorities that can create a sustainable workforce pipeline.
- Objective - Increase the number of students, especially in under-represented groups, who complete high-level academic coursework. Bay High continues to experience increased enrollment in Advanced STEM Courses by under-represented groups. Bay High will continue to actively recruit these students and provide the academic support needed for success and exponential growth.

5. How the impacts of the disproportionately affected counties will be measured long-term.

Long-term impacts will be measured through an analysis of labor market and census data from the inception of the project year after year. Data that will be measured includes a comparison of the Department of Economic Opportunity high demand occupations list indicators (the number of job openings) in STEM related fields, employment rates, and educational attainment rates for the county. It is expected that the impact of this proposed project will result in influencing these indicators toward a positive economic trend of filling high demand positions, increasing employment rates and increasing educational attainment in the future of the region.

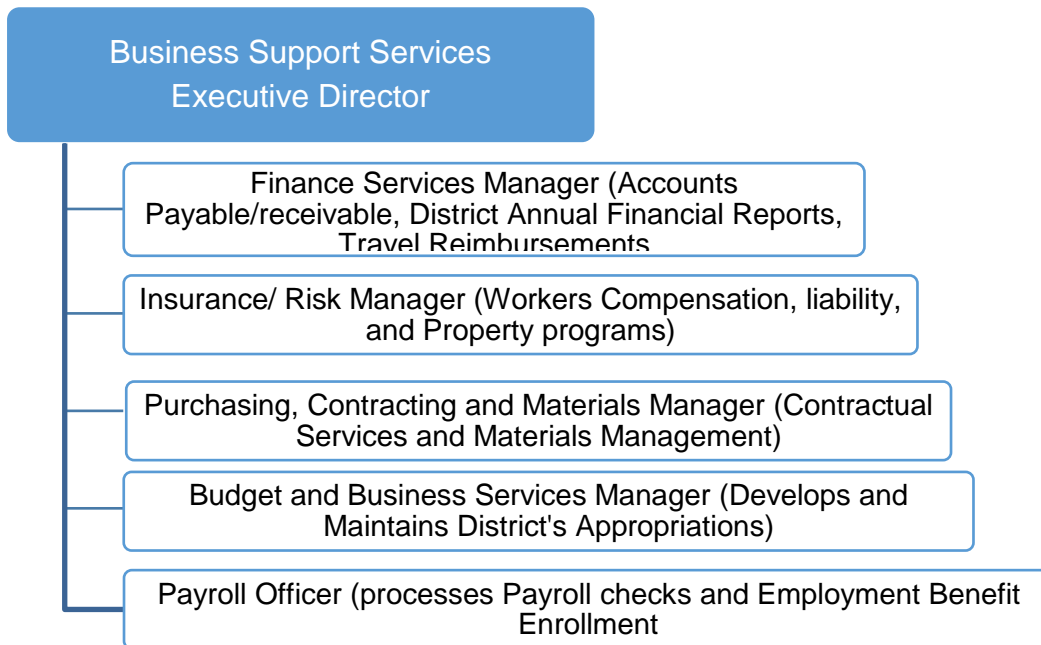
A collaborative partnership will continue to be forged with Gulf Coast State College to leverage available data that can capture long-term impact of the STEM Center and other Triumph funded projects addressing K-20 Workforce education. Example of such data includes (but not limited to) the number of high school students attending the college that come from Bay District Schools, particularly Bay High School; the number of students entering STEM related concentrations that are aligned to STEM center curriculum offered.

6. How the proposed project is sustainable.

Bay District Schools has a proven infrastructure and capacity to carry out and sustain the proposed project plan. The financial management procedures for the STEM Training Center will be consistent with the policies and procedures of the district that comply with the Florida Department of Education. Bay District schools has a strong track record in monitoring financial accountability through the Business Support Services Division as well as A Citizens Oversight Committee for the half-cent sales tax expenditures. Funding from Department of Education

student enrollment funding ensures long-term sustainability. Continued efforts to pursue additional funding through grants and sponsorship will also be prioritized in the efforts to enhance programs offered in the STEM Training Center.

The *Business Support Services* division includes the Budget Office, Financial Services, Purchasing, Insurance/Risk Management, and the Payroll Office. Responsibilities of individuals are:



A *Citizens Oversight Committee*, consisting of nine members, review the expenditures of the proceeds generated from the half-cent sales tax and make quarterly reports to the Bay District School Board and the public regarding the use of these monies. The make-up of this committee includes an appointee by each School Board Member, two appointees by the Superintendent, an appointee from the Bay County Chamber of Commerce and an appointee from the Panama City Beach Chamber of Commerce. The Committee makes certain that the proceeds of the tax are being used in accordance with the Board's Resolution dated July 14, 2010, under Section 212.055 Florida Statutes.

7. How the deliverables of the project will be measured.

The outcome for the project will be measured in comparison to the baseline data before the occupancy of the STEM center. Listed below are deliverable metrics that will be documented. In addition, collaborative efforts will be made with Gulf Coast State College to identify other baseline data that can be measured to demonstrate other long-term outcomes from the project.

**Table 13.0 Deliverable Measures**

Number of students in Advanced STEM related courses
Passing rates for AP exams for the math and science courses
Number of students passing the End-Of-Course exams. (FLDOE Biology EOC, Geometry EOC, Algebra 1 EOC assessment scores).
Number of students who complete 3 of the courses in the career pathway and qualify for a bright futures CTE scholarship.
Number of students who earned an industry certification
Number of new career pathways created
Number of students enrolled in Bay High School
Number of internships/jobs in STEM related positions students obtain while in high school
Graduation rates

## Priorities

### 1. Proposed program priorities

- ✓ Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- ✓ Increase household income in the disproportionately affected counties above national average household income.
- ✓ Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- ✓ Provide outcome measures.
- ✓ Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- ✓ Are recommended by the board of county commissioners of the county in which the project or program will be located.

2. How the proposed project meets the priorities identified.

- Research supports that the development of talent with STEM and Career & Technical education is a long-term investment that results in people obtaining sub-baccalaureate and high-skilled jobs. The training and program pathways offered leads to entry-level positions that are well above the minimum wage as well as high demand occupations listed by the Florida Department of Economic Opportunity.
- The opportunity to take advanced STEM courses is a springboard toward Post-secondary majors in STEM resulting in a high wage salary. The STEM Center will ensure that there are students that are capable of excelling in such fields thus increasing their income potential. The Department of Education Report *Baccalaureate and Beyond: A First Look at the Employment Experiences and Lives of College Graduates, 4 Years On*, looked at four years of data on college graduates and found that STEM majors on average earn \$65,000 a year, while non-STEM majors earned about \$15,500 less.
- The proposed project will be carried out by the leadership of Bay District Schools and leverages existing relationships with other educational institutions, industry partners and economic development leaders to ensure excellence in project delivery.
- The outcome measures have been clearly established and data can be gathered by Bay District Schools.
- This project was fully recommended by the Bay County Board of Commissioners.

3. How the proposed project meets the discretionary priorities identified.

- The guiding principle to develop a state-of-the-art STEM Training Center for high school students in Bay County is to create transformational change in the quality of lives and future of the community. The *Northwest Florida Forward* report laid out a clear strategy for such transformational change that emphasized the need for substantial investment in STEM education and Career & Technical education. Bay District Schools has committed to do its part within the strategy by developing a STEM Training Center that will feed the workforce pipeline year after year. Thus, strengthening the regional approach toward economic recovery and growth in the affected counties.
- Bay District Schools has the organizational capacity to consummate the project quickly and efficiently. In progress are plans to construct a traditional science wing, if funded the project plans will be inserted into the current project timeline, thus allowing a more expedient project delivery.
- Regional impact will be made through developing a workforce pipeline that would be available throughout the region.
- The STEM Center would be a location of excellence for sharing regional STEM and CTE best practices.
- The project aligns with a regional mission to advance STEM and CTE education and does not duplicate any other offerings currently available to area high school students. This would be the first STEM Center of Bay District Schools.

4. Which of the eight disproportionately affected county is the proposed project located?

The project will be located in Bay County.

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?

Yes. Bay County

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

Yes. **(See Appendix ii)**

## Approvals and Authority

1. Approvals needed before executing an agreement with Triumph Gulf Coast, Inc.  
In order to execute an agreement, School Board approval is required.
2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:
  - a. The schedule of Meeting dates **(see Appendix iii)**

BAY DISTRICT SCHOOL BOARD REGULAR MEETING DATE SCHEDULE 2018	
February – 2/27	July – 7/10. 7/24
March – 3/13. 3/27	August – 8/14. 8/28
April – 4/10. 4/24	Sept – 9/11. 9/25
May – 5/8. 5/22	Oct – 10/9. 10/23
June – 6/12. 6/26	Nov – 11/13. 11/27

- b. Can the group hold special meetings, and if so, upon how many days' notice.  
Yes, special board meetings can be scheduled with a 48-hour notice.

3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

If funded the proposed project planning is expected to commence in April 2018 with an expected completion in February 2020. The detailed project timeline is as indicated in the Project Title and Description section 2.d.

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding.

Bay County District Schools are governed by an elected five-member board, responsible for setting school policies which are designed with the goal of delivering the best possible education to each child. The policies govern budgetary, facility and personnel resources, as well as the students, faculty and staff at each school. School board policies also ensure that the local schools comply with state and federal laws. Bay District Schools is led by Superintendent William V. Husfelt, III. Superintendent Husfelt was first elected Superintendent of Schools in November 2008 and was re-elected in both 2012 and 2016 serving his third term. The Superintendent has the authority to execute this proposal following board approval.

The District School Board is the Agency Head for the Bay County School System. Members of the Board are elected for four-year terms at the general election held in November of even numbered years, pursuant to Sections 1001.34, 1001.35, 1001.36, Florida Statutes. The general duties and responsibilities of the School Board are as stated in these rules and in Section 1001.42, Florida Statutes. **(see Appendix iv)**

- a. Letters of support **(see Appendix v)**

## Funding and Budget

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time-period over which funding is requested.

Bay District Schools requests a total of \$10,000,000 for the project to be distributed over a period of one year between December 2018 to December 2019 in four equal draws of \$2.5 million each.

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent?

The requested award of \$10 million represents 38% of the total project cost.

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

The proposed project expects to have an impact by increasing the candidate pool for both sub-baccalaureate and highly-skilled STEM-related positions. Over 1100 students attend Bay High School each year with an expected enrollment to increase if the project is funded. The types of positions that can be filled are both sub-baccalaureate and highly skilled positions in professional areas such as health care, mathematics, computer technology, robotics, and manufacturing.

Area high demand STEM related positions have an average entry wage that range from just over \$12 an hour to over \$40 an hour depending on the position. There is a long-term expected benefit after students graduate and complete the necessary and aligned Post-secondary programs at Gulf Coast State College, Florida State University-Panama City and other educational institutions throughout the region. Upon completion, students will be able to be candidates for “highly skilled” in demand positions that are considered to have high entry wages in fields that are predicated to grow. Over time it is expected that due to this offering more companies in the region will be able to expand and that there will be an increase in companies moving to the region because of the workforce pipeline that was created through the STEM Training center.

4. Does the potential award supplement but not supplant existing funding sources?  
The potential award supplements existing funding sources for this project. The award will diversify options for STEM education and Career and Technical training by supplementing planned construction of a new Science wing to include an entire first floor dedicated to workforce education in STEM fields.
5. Project Budget
- a. Project/Program Budget.

CATEGORY	DESCRIPTION	PROPOSED BUDGET
<b>Construction</b>	49, 697 sq. feet building (including STEM labs, classrooms and spaces)	\$22, 403, 606
<b>Professional Contract</b>	Design Fees, Engineering, Testing and Inspections	\$1, 149, 000
<b>Land Acquisition</b>	chiller plant (95,000), parking (400,000)	\$495, 000
<b>Furnishings and Equipment</b>	Workforce Training labs (Manufacturing, Health Sciences, Engineering, Welding, Robotics)	\$240, 000

<b>Salaries</b>	Including but not limited to 17 Math, Science and Health teachers, CTE Director (% of time) and STEM Director (% of time), and Bay High School administrators.	\$1, 450, 000
<b>Other</b>	Training equipment identified and used by industry (proposed by Gulf Coast State College)	\$800, 000
	<b>TOTAL COST</b>	<b>\$26, 537,606</b>

b. Other Project Funding Sources

Source	In-kind/Cash	Amount
<b>Bay District Schools – Half-cent sales tax allocation</b>	CASH	\$10, 000, 000
<b>Bay District Schools- Local Capital improvement</b>	CASH	\$3, 612, 606
<b>Bay District Schools - Salaries</b>	CASH	\$1 ,450, 000
<b>Other: Anonymous</b>	In-Kind	\$675, 000
<b>Other: Gulf Coast State College Industry equipment (<i>proposed</i>)</b>	In-kind	\$800. 000
<b>TOTAL FUNDING SOURCE</b>		<b>\$16, 537, 606</b>

c. Detailed Budget Narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

*Construction Cost:* The total construction cost is \$23, 403, 606. The cost includes the furnishings and technical equipment for classroom instruction space and science labs. Draws from the half-cent sales tax allocation of \$10 million dollars will be committed toward this total cost according to the program timeline.

*Professional Contract:* The total cost is \$1, 149, 000 for all design fees, architectural plans, engineering and land testing. The half-cent sales tax allocation of \$10 million dollars has been committed toward this cost according to the program timeline.

*Land Acquisition:* The total cost is \$495, 000. Cost includes the location for a chiller plant and parking lot dedicated to the center.

*Furnishings and Equipment-Workforce Training Lab:* The total cost for the labs is \$240,000.

*Salaries:* The total cost of salaries of teachers and administrators for center is \$1, 450, 000. The total funding will be provided by Bay District Schools.

*Other:* Gulf Coast State College has proposed in a separate proposal equipment to be located at the STEM Center that meets the specified needs identified by emerging industries. If GCSC request is funded, the resource and training would be leveraged and offered to high school level participants in the Robotics, Engineering, and Manufacturing Lab.

6. Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.
  - Yes
7. Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.
  - Yes
8. Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.
  - Yes
9. Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.
  - Yes

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## ADDENDUM FOR WORKFORCE TRAINING PROPOSALS

### 1. Program Requirements

- A. Will this proposal support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties? If yes, please identify where the campuses are located and provide details on how the proposed programs will prepare students for future occupations and at which K-20 institutions that programs will be provided.

- Yes.

The proposed project will be located on the Bay High School Campus in Bay County which has been identified as one of the disproportionately affected counties. The STEM Workforce Training Center will play a critical role in building a sustainable workforce pipeline that prepares students for future occupations and careers.

The proposed programs will provide direct skill-based Career and Technical Workforce Training as well as exemplary STEM curriculum to over 1100 students year after year. Every student in the school will be exposed to a career and technical training environment and have opportunities to engage in a combination of career and technical education (CTE), advanced STEM coursework, career academies and earn industry certifications. The Career and Technical education that will be provided includes Health Sciences, Robotics, Engineering, Manufacturing and Welding.

All Science, Technology and Mathematics courses will be provided in the proposed center. These courses include foundational math and science, Advanced Placement, AICE and Honors STEM curriculum. Students will develop skills that charts a career pathway toward securing high-demand occupations upon graduation or allows them to enter a post-secondary degree program from Gulf Coast State College, Florida State University Panama City or any other Florida college or university if desired. Credits and certificates earned at this level could also be articulated to area post-secondary institutions as well as at Tom P. Haney Technical Center.

- B. The proposed program will:

- ✓ Increase students' technology skills and knowledge
- ✓ Encourage industry certifications
- ✓ Provide rigorous, alternative pathways for students to meet high school graduation requirements
- ✓ Strengthen career readiness initiatives

- ✓ Encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties (similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission on Education)

For each item checked above, describe how the proposed program will achieve these goals:

- Embedded in the proposed program are curriculum standards that are required by the Florida Department of Education for the courses that will be offered. Participants will be expected to have an increased knowledge in the subjects that will be taught. Courses included that have specific technology-based skills and knowledge include AP Computer Science, Robotics, Welding, and Manufacturing.
- The plan for Bay District Schools is to expand its CTE programs each year and exponentially increase the number of students earning industry certifications. In partnership with industry advisors, certification pathways will be identified and embedded in the program. If funded, Bay District S schools will have the capacity to allow the Bay High students to earn certifications from the Manufacturers Skills Standard Council, Autodesk, and the National Center for Construction Education and Research (NCCER). Pathways to advanced industry certifications in Welding and Nursing will also be possible through the proposed project.

To ensure that all Bay District School students are successful in earning Industry certifications, supplemental review and testing sessions for CTE students will be held at the STEM center. This offering would parallel the review sessions that are already available for AP courses and other standardized testing.

- The CTE program that will be established will be a rigorous alternative for students who want to start a career immediately after high school. It will be a goal to encourage the successful completion of at least 3 CTE courses in a specific career pathway, thus increasing the opportunities of the student to qualify for a bright futures CTE scholarship.
- Career readiness is an emphasis for all students that participates in the STEM center. Planned activities include instructional visits by industry leaders, career fairs, career exploration days and job placement and internship assistance. In collaboration with industry and educational partners, organized recruitment events for students will be welcomed to present career opportunities and post-secondary opportunities for the students at large.

- C. Will this proposal provide participants in the disproportionately affected counties with transferable, sustainable workforce skills but not confined to a single employer? If yes, please provide details.

Yes. The credentials earned by all participants from the proposed project are portable, stackable and transferable to institutions throughout the region as well as the nation. The competencies developed in the CTE programs by participants are not confined to a single employer and can open avenues of employment in many related STEM related fields. The Advanced Placement courses offered in STEM subjects are set to a national standard thus ensuring that the curriculum learned and testing measures are consistent among credit earners. Students that successfully complete these courses are candidates for both sub-baccalaureate and post-secondary programs that can lead to gainful employment in many companies. Certifications earned in CTE programs are also held to a national professional standard which ensures that there is a baseline knowledge that has been mastered by the certification holder. Employers of all STEM related fields can benefit from successful completers from the project.

- D. Identify the disproportionately affected counties where the proposed programs will operate or provide participants with workforce skills.

The proposed program will operate in Bay County. However, upon graduation, participants from the program will be talent available throughout the entire Northwest Florida regional workforce pipeline.

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote: Economic recovery, Economic Diversification, Enhancement of the disproportionately affected counties, Enhancement of a Targeted Industry.

**High school graduates, with the right education and training pathway, can be the diverse workforce talent pool that provides the foundation toward economic recovery in the region.**

Per the *Northwest Florida Forward County Snapshots County* report, out of the 2015 estimated total population (181,635) of Bay County, close to one quarter (21.5%) of the population are school-aged children 17 years and younger. This group is a significant portion of the community that can be fostered to enter the workforce pipeline needed to enhance economic growth. However, students in Bay County will not be considered as qualified candidates for emerging positions that offer a living wage unless they participate in advanced STEM and Career and Technical training at the secondary level.

Unfortunately, the number of students entering advanced STEM education and CTE at the Secondary level continues to be a critical determining factor for the economy. The *Florida Forward Technical Report*, a strategic economic development collaborative for Northwest Florida, indicates that there is a *labor shortage* of high skilled workers (bachelor's degree and higher) in all 13 counties in Northwest Florida. The percentage of the region's population with a bachelor's degree or higher (23.0%) is behind both the state of Florida (26.8%) and the nation (29.3%). The

situation is compounded by the limited number of secondary and postsecondary level students that graduate with career and technical education, that earn industry certifications, and who have successfully completed high-level STEM classes that academically prepare them for STEM related career pathways.

**A STEM Training Center will diversify as well as enhance future career and economic opportunities.** Students that participate in academically advanced STEM curriculum in the proposed STEM Training Center, are a key part of the solution to the critical shortage of “Highly Skilled” workers needed in our region. The center will be an exceptional environment to excel in STEM curriculum, thus encouraging the pursuit of more formal education in STEM. The income potential for such students pursuing STEM fields have shown to be provide fruitful economic opportunity as well. Research suggests that those who graduate with STEM related majors earn a median income significantly more than the median income level of those living in Bay County (\$47,274) as well as the region (\$48,567). The Department of Education Report *Baccalaureate and Beyond: A First Look at the Employment Experiences and Lives of College Graduates, 4 Years On*, looked at four years of data on college graduates and found that STEM majors on average earn \$65,000 a year, while non-STEM majors earned about \$15,500 less. STEM majors were also more likely to be employed and hold only one full-time job, rather than a part-time job or multiple jobs.

The economic outlook for students In Northwest Florida pursuing less than a Bachelor’s degree in STEM related fields and through CTE demonstrates is also positive. The Florida Department of Economic Opportunity 2016-2024 projections, indicates that over 58% of the 50 fastest growing occupations require sub-baccalaureate education such as a postsecondary adult vocational (PSAV) certificate or an associate degree. Many of these fields begin with a strong technical training foundation or STEM-based learning including: Medical Assistants, Nursing Assistants, Electricians, Web Developers, Software Developers, Diagnostic Medical Sonographers, Physical Therapist Assistants, Computer Systems Analysts and Industrial Machinery Mechanics.

Area high demand STEM related positions have an average entry wage that range from just over \$12 an hour to over \$40 an hour depending on the position. There is a long-term expected benefit after students graduate and complete the necessary and aligned Post-secondary programs at Gulf Coast State College, Florida State University-Panama City and other educational institutions throughout the region. Upon completion, students will be able to be candidates for “highly skilled” in demand positions that are considered to have high entry wages in fields that are predicated to grow. Over time it is expected that due to this offering more companies in the region will be able to expand and that there will be an increase in companies moving to the region because of the workforce pipeline that was created through the STEM Training center.

The employment forecast is promising for these students if they continue to excel in STEM curriculum and CTE offerings. Data supports that high demand and higher than average wage occupations that are listed on the Florida Department of Economic Opportunity for affected counties continue to grow and include careers that require high quality secondary STEM education as a critical foundation toward those career pathways. The tables listed below notes some occupations on the Bay, Franklin and Gulf County demand list that requires STEM education and the annual percentage of predict growth and openings for such occupations.

<b>Regional Demand Occupations List for Bay, Franklin, and Gulf County (2018-2019)</b> <i>Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics</i>			
<b>Occupation (STEM related)</b>	<b>Annual percentage Growth</b>	<b>2017 Entry Wage</b>	<b>Annual Openings</b>
Accountants and Auditors	1.78	20.85	61
Computer Network Architects	1.42	22.46	1,333
Airline Pilots, Copilots, and Flight Engineers	1.76	47.37	549
Computer Network Support Specialists	1.50	17.76	913
Computer Systems Analysts	2.70	27.27	1,867
Computer User Support Specialists	2.02	14.29	3,383
Cost Estimators	1.80	18.16	1,649
Database Administrators	1.78	26.16	649
Diagnostic Medical Sonographers	3.24	24.51	511
Machinists	1.50	13.43	1,176
Medical and Clinical Laboratory Technologists	1.81	24.24	811
Physical Therapist Assistants	3.94	24.28	899
Registered Nurses	1.90	20.46	122
Software Developers, Applications	2.43	27.52	3,276
Web Developers	3.20	18.75	1,102
Welders, Cutters, Solderers, and Brazers	1.02	12.42	42

The data for other affected counties including Escambia, Santa Rosa, Okaloosa, Walton and Wakulla\* County mirror a similar forecast. (\*The FLDOE includes data from Gadsden and Leon County). Thus, providing more options for graduates to be candidates for positions throughout the region.

**Regional Demand Occupations List for Okaloosa, Walton, Escambia  
and Santa Rosa Counties (2018-2019)**

*Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics*

Occupation (STEM related)	Annual percentage Growth		2017 Entry Wage		Annual Openings	
	Okaloosa Walton	Escambia Santa Rosa	Okaloosa Walton	Escambia Santa Rosa	Okaloosa Walton	Escambia Santa Rosa
Accountants and Auditors	1.81	1.88	20.98	18.37	92	136
Computer Network Architects	1.42	1.42	22.46	22.46	1,333	1,333
Airline Pilots, Copilots, and Flight Engineers	1.76	1.76	47.37	47.37	549	549
Computer Network Support Specialists	1.50	1.50	17.76	17.76	913	913
Computer Systems Analysts	2.70	2.70	27.27	27.27	1,867	1,867
Computer User Support Specialists	1.71	1.75	16.79	12.97	46	74
Cost Estimators	1.80	1.28	18.16	17.51	1,649	41
Database Administrators	1.78	1.78	26.16	26.16	649	649
Diagnostic Medical Sonographers	3.24	3.24	24.58	24.58	511	511
Machinists	1.50	1.50	13.43	13.43	1,176	1,176
Medical and Clinical Laboratory Technologists	1.81	1.81	24.24	24.24	811	811
Physical Therapist Assistants	3.94	3.94	24.28	24.28	899	899
Registered Nurses	1.68	1.61	20.52	21.75	144	346
Software Developers, Applications	1.73	2.57	32.15	27.78	54	41
Web Developers	NR	3.2	16.36	18.75	NR	1,102
Welders, Cutters, Solderers, and Brazers	.93	1.48	12.91	13.10	1,706	38

**Regional Demand Occupations List for Gadsen, Leon, and Wakulla County (2018-2019)***Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics*

<b>Occupation (STEM related)</b>	<b>Annual percentage Growth</b>	<b>2017 Entry Wage</b>	<b>Annual Openings</b>
Accountants and Auditors	0.62	16.22	282
Computer Network Architects	1.42	22.46	1,333
Airline Pilots, Copilots, and Flight Engineers	1.76	47.37	549
Computer Network Support Specialists	1.50	17.76	913
Computer Systems Analysts	2..18	25.41	60
Computer User Support Specialists	1.35	18.26	75
Cost Estimators	1.80	18.16	1,649
Database Administrators	1.78	26.16	649
Diagnostic Medical Sonographers	3.24	24.58	511
Machinists	1.50	13.43	1,176
Medical and Clinical Laboratory Technologists	1.81	24.24	811
Physical Therapist Assistants	3.94	24.28	899
Registered Nurses	1.92	22.15	250
Software Developers, Applications	2.21	24.44	71
Web Developers	3.20	18.75	1,102
Welders, Cutters, Solderers, and Brazers	.93	12.91	1706

**Funding Career and Technical Education demonstrates a return on investment.**

Research suggests that Career and Technical Education programs is a good strategic investment and has shown to be a critical asset to the economy. The Association of Career and Technical Education (ACTE) reports, investment in Career and Technical Education provides exponential economic return. The report cites an example for Washington State, estimating that for every dollar spent on Secondary CTE students, taxpayers receive a \$9 return on investment. In Tennessee, CTE returns one dollar for every \$2 invested and at the secondary level, CTE program completers account for over \$13 million annual tax revenues.

The emphasis that career training reaps a return on investment is even more substantiated when the programs are “sector-based training”. According to a May 2013, California Senate Office of Research, *Policy Matters* report entitled, “To Train or Not to Train: Is Workforce Training a Good Public Investment?” indicates that programs that provide technical skills, such as engineering and health care, tend to yield greater labor-market returns than other programs. The report further asserts that linking workforce training opportunities to in-demand occupations can have major impacts on the employment prospects and earnings of program participants.

In addition, data indicates that students who earn CTE credits helps High School students succeed academically. A U.S. Department of Education, *Data Points* (July 2016) report on

“Career and Technical Education Course taking and Postsecondary Attainment”, suggests that students that have been exposed to CTE are more successful in their educational and occupational journey. They are more engaged, graduate at higher rates and typically go on to postsecondary education. Florida high school CTE students, specifically, has been documented to have notable success. According to the *ACTE Florida Fact Sheet* citing U.S. Department of Education Office of Career and Technical Education data, Florida served 290,731 CTE High School students in 2014-2015. Out of these CTE students, 94% graduated from high school; 88% met performance goals for mathematics; and 87% met performance goals for reading/language arts skills.

**The STEM Training Center will improve the quality of life of the residents of Bay County and throughout the region year after year.** The STEM education and relevant CTE that will be provided by the proposed project can result in higher wages and long-term employment, both key indicators of an improved quality of life. Over 1100 students, year after year will be a part of an academic culture that emphasizes career and technical education and STEM excellence. Overtime, the graduates from this program will have developed the necessary skills to fulfill the foundational needs that are sought by both local and regional industries and be an essential part of shaping a thriving economic community. Gateways of opportunity for the participating students will be broadened to a regional level due to the portability of industry certifications earned at the center as well as through the ability to articulate advanced STEM courses to postsecondary institutions throughout the Northwest Panhandle.

The proposed project expects to have an impact by increasing the candidate pool for both sub-baccalaureate and highly-skilled STEM-related positions. Over 1100 students attend Bay High School each year with an expected enrollment to increase if the project is funded. The types of positions that can be filled are both sub-baccalaureate and highly skilled positions in professional areas such as health care, mathematics, computer technology, robotics, and manufacturing.

## 2. Additional Information

A. Is this an expansion of an existing training program?

No. Currently there is no STEM Workforce Training Center in Bay County for the Secondary level. The proposed project will be the first of its kind showcasing Workforce training as an essential component of STEM education.

B. Indicate how the training will be delivered (e.g., classroom-based, computer based, other). If in-person, identify the location(s) (e.g., city, campus, etc.) where the training will be available.

All training will be delivered in the classrooms on the Bay High School Campus.

C. Identify the number of anticipated enrolled students and completers.

At the current rate, there are over 1100 students that attend Bay High school each year with a graduating class of over 200 students. If the proposed project is funded, the numbers are expected to grow as more students consider the opportunities available in the center. Over a period of 10 years, at least 2000 students will have entered the workforce pipeline with an enhanced STEM education experience.

Upon graduation, students can obtain positions in STEM related fields while pursuing a post-secondary degree from Gulf Coast State College, Florida State University Panama City or any other Florida college or university. A portion of this cohort will be non-degree seeking students whose intention is to enter the workforce immediately or pursue an advanced technical training at Haney Technical Center. The impact of the project will be sustained beyond 10 years and will provide exponential impacted to thousands of students for many years to come.

D. Indicate the length of the program (e.g, quarters, semesters, weeks, months, etc.) including anticipated beginning and ending dates.

Programs in the STEM Center are aligned to the Bay District Schools academic calendar. The curriculum is administered in Quarter sessions (9 weeks). If funded the projected occupancy will begin in Quarter 3 of 2020.

Quarter	Months
Quarter 1	August – late October
Quarter 2	November – Early January
Quarter 3	late January – March
Quarter 4	April - June

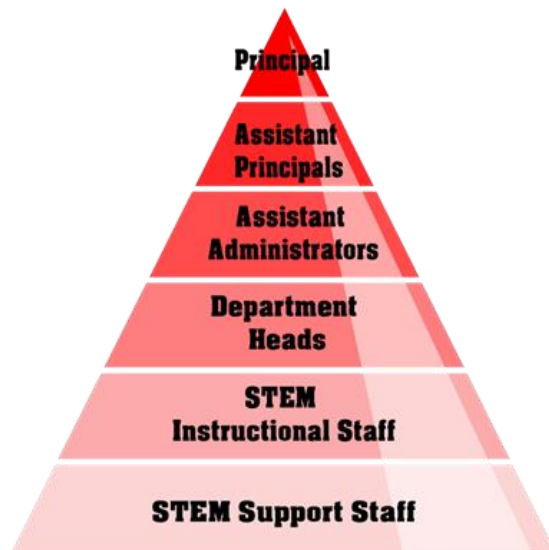
E. Describe the plan to support the sustainability of the proposed program.

Bay District Schools has a proven infrastructure and capacity to carry out and sustain the proposed project plan. The financial management procedures for the STEM Training Center will be consistent with the policies and procedures of the district that comply with the Florida Department of Education. Bay District schools has a strong track record in monitoring financial accountability through the Business Support Services Division as well as A Citizens Oversight Committee for the half-cent sales tax expenditures. Funding from Department of Education student enrollment funding ensures long-term sustainability. Continued efforts to pursue additional funding through grants and sponsorship will also be prioritized in the efforts to enhance programs offered in the STEM Training Center.

The *Business Support Services* division includes the Budget Office, Financial Services, Purchasing, Insurance/Risk Management, and the Payroll Office.

A *Citizens Oversight Committee*, consisting of nine members, review the expenditures of the proceeds generated from the half-cent sales tax and make quarterly reports to the Bay District School Board and the public regarding the use of these monies. The make-up of this committee includes an appointee by each School Board Member, two appointees by the Superintendent, an appointee from the Bay County Chamber of Commerce and an appointee from the Panama City Beach Chamber of Commerce. The Committee makes certain that the proceeds of the tax are being used in accordance with the Board's Resolution dated July 14, 2010, under Section 212.055 Florida Statutes.

### **Bay High School STEM Building Organizational Chart**



The operation plan will be administered by Bay High School as a part of the Bay District School's organizational structure. The Bay High School Principal, Assistant Principals, Administrators and Staff will coordinate with Bay District Administrators to ensure that the project will reach set objectives. The school will be held to all accountability measures set forth by the Florida Department of Education and Bay District School Board.

#### Mission Alignment

The viability of the proposed project is also solidified by the full alignment of its mission with the academic goals outlined in the Bay District Schools Strategic Plan. The STEM Training Center is expected to advance the goals and strategy of the school district that will make a long-term impact in both career placement and academic achievement for all students throughout the region.

F. Identify any certifications, degrees, etc. that will result from the completion of the program.

Participants in the program can earn a combination of portable and stackable credentials as well as academic credits and recognitions that can advance their academic and professional careers

including Advanced Placement credits in STEM subjects, industry certifications in sectors such as Manufacturing, Health, and Digital design, the AICE diploma and the Bright Futures scholarship.

The curriculum provides academic alignment and training pathways to the following programs:

- Bachelor's degree in Nursing at Gulf Coast State College.
- The Florida Department of Education standards for the Engineering Technology Applied Science degree, Digital and Advanced Manufacturing, Cybersecurity and Unmanned Vehicle program available at Gulf Coast State College and other Northwest Panhandle Florida colleges.
- The Advanced welding program at Haney P. Technical Center.

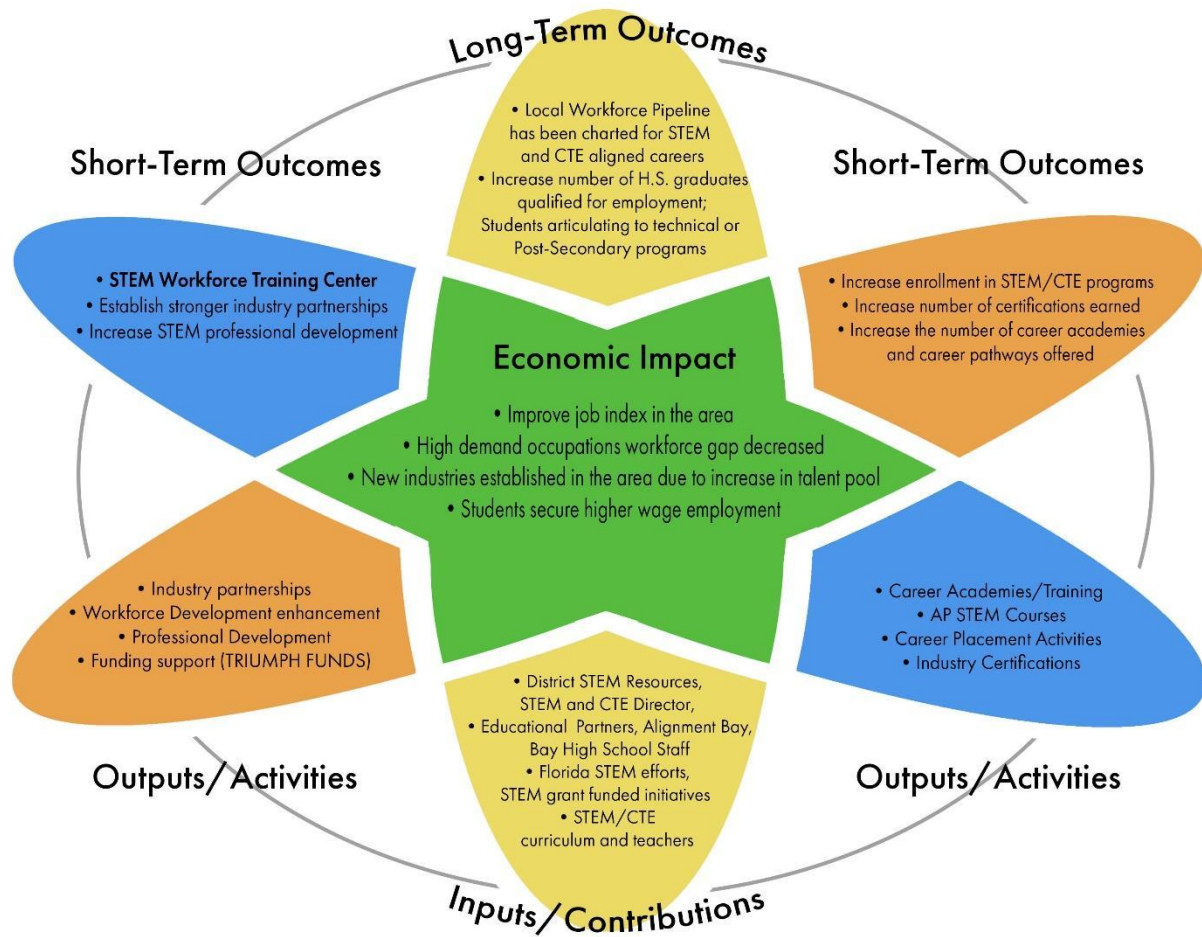
G. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

Yes. Bay District Schools intends to provide a cash match for this project. Additional resources has also been identified to support and enhance the project.

Source	In-kind/Cash	Amount
<b>Bay District Schools – Half-cent sales tax allocation</b>	CASH	\$10, 000, 000
<b>Bay District Schools- Local Capital improvement</b>	CASH	\$3, 612, 606
<b>Bay District Schools - Salaries</b>	CASH	\$1 ,450, 000
<b>Other: Anonymous</b>	In-Kind	\$675, 000
<b>Other: Gulf Coast State College Industry equipment (proposed)</b>	In-kind	\$800. 000
<b>TOTAL FUNDING SOURCE</b>		<b>\$16, 537, 606</b>

H. Provide any additional information or attachments to be considered for this proposal.

## STEM WORKFORCE TRAINING CENTER LOGIC MODEL



## Appendix

# **Bay County District School Board**

## **Annual Financial Statements**

**June 30, 2016**



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CPAs and Advisors

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## **BOARD MEMBERS AND SUPERINTENDENT**

**Board members and the Superintendent who served during the 2015-2016 fiscal year are listed below:**

	<b>District No.</b>
Jerry Register	1
Ginger Littleton, Vice-Chairman	2
Joe Wayne Walker	3
Ryan Neves	4
Steve Moss, Chairman	5

William V. Husfelt III, Superintendent



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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Superintendent and members  
of the Bay County District School Board  
Panama City, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bay County District School Board (District), as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Palm Bay Preparatory Academy or Central High School (charter schools under the Palm Bay Educational Group, Inc.), Chautauqua Charter School, Inc., Community Charter Academy, Inc., Rising Leaders Academy, Inc., or the Bay Education Foundation, Inc., all of which represent 28 percent, 41 percent, and 38 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Palm Bay Preparatory Academy or Central High School (charter schools under the Palm Bay Educational Group, Inc.), Chautauqua Charter School, Inc., Community Charter Academy, Inc., Rising Leaders Academy, Inc., and the Bay Education Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bay County District School Board, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the schedule of funding progress for the retirees' health insurance other postemployment benefits plan and the schedule of employer contributions for the retirees' health insurance other postemployment benefits plan on page 73, the schedule of the District's proportionate share of the net pension liability – Florida Retirement System on page 74, the schedule of the District's contributions – Florida Retirement System on page 75, the schedule of the District's proportionate share of the net pension liability – Health Insurance Subsidy Program on page 76, and the schedule of the District's contributions – Health Insurance Subsidy Program on page 77, 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 combining nonmajor fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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, L.L.C.*

Certified Public Accountants

Panama City Beach, Florida

March 17, 2017

## **Management's Discussion and Analysis**

Management of the District School Board of Bay County 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 management's discussion and analysis (MD&A) is intended to highlight significant transactions, events and conditions it should be considered in conjunction with the District's financial statements.

### **Financial Highlights**

Key financial highlights for the 2015-2016 fiscal year are as follows:

- Total assets of the District exceed total liabilities by \$169,615,078 (net position). Of this amount, a deficit of \$47,302,861 is unrestricted net position, \$15,548,295 is restricted net position, and \$199,035,636 is net investment in capital assets for governmental activities. \$2,309,577 is unrestricted net position and \$24,431 is net investment in capital assets for business-type activities. The District's total net position increased \$11,593,497 or 7 percent.
- At the end of the fiscal year, the unassigned fund balance of the general fund was \$23,340,103 or 11 percent of the general fund expenditures, compared to the previous fiscal year's unassigned general fund balance of \$21,981,090 also 11 percent of the general fund expenditures.
- During the fiscal year ended June 30, 2016, governmental activities' revenue increased to \$275,552,579 or 4 percent while governmental activities' expenses increased to \$264,121,336 or less than one percent. Business-type activities' revenues increased 6 percent to \$1,669,949 while business-type activities' expenditures increased 13 percent to \$1,507,695.

### **Nonfinancial Highlights**

Key nonfinancial highlights for the 2015-2016 fiscal year are as follows:

- The District went from a fully insured health insurance program to a self-insured platform maintaining Blue Cross and Blue Shield of Florida as the administrator of the program.
- In June of 2016 the District was able to pay off the half cent sales tax note for technology purchased after the referendum passed.
- Thanks to a public/private partnership that will help with funding, the District is able to begin the complete renovation at Tommy Oliver Stadium and continue with many new major capital expenditures.

## **Overview of the Financial Statements**

The basic financial statements consist of three components:

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

In addition, this report presents certain required supplementary information, which includes management's discussion and analysis, the schedule of funding progress for the retirees' health insurance other postemployment benefits plan, the schedule of employer contributions for the retirees' health insurance other postemployment benefits plan, the schedule of the District's proportionate share of the net pension liability – Florida Retirement System, the schedule of the District's contributions – Florida Retirement System, the schedule of the District's proportionate share of the net pension liability – Health Insurance Subsidy Program, and the schedule of the District's contributions – Health Insurance Subsidy Program; combining statements; and compliance section.

## **Government-wide Financial Statements**

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

The government-wide statements present the District's activities in the following 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.
- Business-type activities – These activities account for the financial resources of the Beacon Learning Center which provides services predominantly for other districts.
- Component units – The District's 10 charter schools (Bay Haven Charter Academy, Inc., d/b/a Bay Haven Charter Academy Elementary School, Bay Haven Charter Academy Middle School, North Bay Haven Charter Elementary School, North Bay Haven Charter Middle School, and North Bay Haven Charter Career Academy; Chautauqua Charter School, Inc., d/b/a Chautauqua Learn and Serve Charter School; Palm Bay Educational Group, Inc. d/b/a Palm Bay Preparatory Academy and Central High School; Community Charter Academy, Inc., d/b/a University Academy, Inc.; and Rising Leaders Academy Inc.) are reported as discretely presented

component units. The District also presents two foundations (Bay Education Foundation, Inc. and Bay Haven Foundation) as discretely presented component units. 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.

The Bay County Educational Facilities Finance Corporation (Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Corporation, the financial activities of the Corporation are included in the District's financial statements as an integral part of the primary government.

## **Fund Financial Statements**

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

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand, the long-term impact of the government's near term financing decisions. Both the governmental fund's balance sheet and the governmental fund's statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund's balance sheet and statement of revenues, expenditures, and changes in fund balance provide detailed information about the District's most significant funds. The District's major funds are the general fund, debt service – other fund, capital projects – local capital improvement fund, and capital projects – other fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

**Proprietary Funds:** Proprietary funds may be established to account for activities in which a fee is charged for services. Two types of proprietary funds are maintained:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Enterprise funds are appropriate for activities in which a fee is charged to external users of the District's goods and services. The District uses an enterprise fund to account for the financial activities of the Beacon Learning Center which provides educational services for a fee to individuals, public and private entities, and district school boards.
- Internal service funds are used to report activities that provide goods and services to support the District's other programs and functions through user charges. The District uses an internal service fund to account for its self-insurance programs. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

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

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

### **Notes to Financial Statements**

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide other postemployment benefits to its employees.

## Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$169,615,078 at the close of the most recent fiscal year. The following is a summary of the District's net position as of June 30, 2016, compared to net position as of June 30, 2015:

<b>Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
<i>June 30,</i>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 72,003,940	\$ 66,157,083	\$ 3,269,696	\$ 3,047,685	\$ 75,273,636	\$ 69,204,768
Capital assets, net	301,563,252	311,211,935	24,431	17,233	301,587,683	311,229,168
<b>Total assets</b>	<b>373,567,192</b>	<b>377,369,018</b>	<b>3,294,127</b>	<b>3,064,918</b>	<b>376,861,319</b>	<b>380,433,936</b>
Total deferred outflows of resources	24,530,449	19,636,587	112,413	77,049	24,642,862	19,713,636
Current liabilities	8,413,920	10,477,249	393,855	420,108	8,807,775	10,897,357
Noncurrent liabilities	211,292,162	197,288,718	613,910	382,640	211,906,072	197,671,358
<b>Total liabilities</b>	<b>219,706,082</b>	<b>207,765,967</b>	<b>1,007,765</b>	<b>802,748</b>	<b>220,713,847</b>	<b>208,568,715</b>
Total deferred inflows of resources	11,110,489	33,389,811	64,767	167,465	11,175,256	33,557,276
<b>Net position</b>						
Net investment in capital assets	199,035,636	195,003,685	24,431	17,233	199,060,067	195,020,918
Restricted	15,548,295	14,483,664	-	-	15,548,295	14,483,664
Unrestricted	(47,302,861)	(53,637,522)	2,309,577	2,154,521	(44,993,284)	(51,483,001)
<b>Total net position</b>	<b>\$ 167,281,070</b>	<b>\$ 155,849,827</b>	<b>\$ 2,334,008</b>	<b>\$ 2,171,754</b>	<b>\$ 169,615,078</b>	<b>\$ 158,021,581</b>

By far the largest portion of the District's net position reflects its net investment in capital assets. The District uses these capital assets to educate the students of Bay County, Florida; consequently, these assets are not available for future spending. Although the District's assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position (9%) represents resources that are subject to external restrictions on how they may be used.

The balance of unrestricted net position may be used to help meet the District's ongoing obligations to citizens and creditors. As of fiscal year end, the balance in unrestricted net position is a deficit of \$44,993,284. This deficit resulted from the implementation of GASB 68 during fiscal year 2015, which required the recognition of net pension liability and related deferred inflows and deferred outflows of resources.

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

<b>Changes in Net Position</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Total</b>	
<i>Year Ended June 30,</i>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Program revenues</b>						
Charges for services	\$ 5,753,830	\$ 6,168,395	\$ 1,656,374	\$ 1,569,350	\$ 7,410,204	\$ 7,737,745
Operating grants/ contributions	9,382,425	9,507,439	-	-	9,382,425	9,507,439
Capital grants/ contributions	1,550,221	1,838,144	-	-	1,550,221	1,838,144
<b>General revenues</b>						
Property taxes, levied for operational purposes	86,564,558	84,156,950	-	-	86,564,558	84,156,950
Property taxes, levied for capital projects	18,220,196	17,756,124	-	-	18,220,196	17,756,124
Local sales taxes	20,131,724	19,052,650	-	-	20,131,724	19,052,650
Grants and contributions not restricted to specific programs	130,534,793	123,012,375	-	-	130,534,793	123,012,375
Unrestricted investment earnings	403,759	209,384	13,575	4,045	417,334	213,429
Miscellaneous	3,011,073	3,900,428	-	-	3,011,073	3,900,428
<b>Total revenues</b>	<b>275,552,579</b>	<b>265,601,889</b>	<b>1,669,949</b>	<b>1,573,395</b>	<b>277,222,528</b>	<b>267,175,284</b>
<b>Functions/program expenses</b>						
Instruction	142,328,019	138,948,402	-	-	142,328,019	138,948,402
Pupil services	9,252,320	8,960,225	-	-	9,252,320	8,960,225
Instructional media services	2,374,053	2,503,872	-	-	2,374,053	2,503,872
Instruction and curriculum development services	5,133,753	5,091,509	-	-	5,133,753	5,091,509
Instructional staff training services	3,647,025	2,901,341	-	-	3,647,025	2,901,341
Instruction related technology	106,213	288,155	-	-	106,213	288,155
School board	1,118,114	856,487	-	-	1,118,114	856,487
General administration	663,085	661,069	-	-	663,085	661,069
School administration	13,579,681	12,907,388	-	-	13,579,681	12,907,388
Facilities acquisition and construction	6,948,035	9,508,755	-	-	6,948,035	9,508,755
Fiscal services	1,727,536	1,596,512	-	-	1,727,536	1,596,512
Food services	9,094,195	9,584,215	-	-	9,094,195	9,584,215
Central services	2,941,845	9,124,341	-	-	2,941,845	9,124,341
Pupil transportation services	9,092,248	7,609,708	-	-	9,092,248	7,609,708
Operation of plant	16,567,625	14,023,699	-	-	16,567,625	14,023,699
Maintenance of plant	4,527,070	4,269,086	-	-	4,527,070	4,269,086

	Governmental		Business-type		Total	
	Activities		Activities			
Year Ended June 30,	2016	2015	2016	2015	2016	2015
Administrative						
technology services	\$ 3,124,817	\$ 2,848,212	\$ -	\$ -	\$ 3,124,817	\$ 2,848,212
Community services	3,201,883	3,117,576	-	-	3,201,883	3,117,576
Unallocated interest on						
long-term debt	3,331,077	4,149,157	-	-	3,331,077	4,149,157
Unallocated depreciation						
expense	25,362,742	24,562,605	-	-	25,362,742	24,562,605
Beacon Learning Center	-	-	1,507,695	1,338,133	1,507,695	1,338,133
<b>Total functions/program expenses</b>	<b>264,121,336</b>	<b>263,512,314</b>	<b>1,507,695</b>	<b>1,338,133</b>	<b>265,629,031</b>	<b>264,850,447</b>
<b>Increase (decrease) in net position</b>	<b>\$ 11,431,243</b>	<b>\$ 2,089,575</b>	<b>\$ 162,254</b>	<b>\$ 235,262</b>	<b>\$ 11,593,497</b>	<b>\$ 2,324,837</b>

Thirty-one percent of total governmental activities were generated from property taxes levied for operational purposes.

State revenues (grants and contributions) increased by \$7,522,418 or 6% due mainly to an increase in the State's portion of the FEP formula and an increase in full-time equivalent students. This increase was partially offset by a reduction in the local portion of the formula.

Instruction expenses represents 54 percent of total governmental expenses in the 2016 fiscal year. Instruction expenses increased by \$3,379,617, or 2 percent, over the previous fiscal year due mainly to an increase in charter schools, salaries, and enrollment.

Business-type activities charges for services provided 99 percent of the revenues for business-type activities.

## Financial Analysis of the District's Funds

### Major Governmental Funds

The general fund is the District's chief operating fund. As of June 30, 2016, unassigned fund balance was \$23,340,103, while the total fund balance was \$26,616,779. As of June 30, 2016 total assets were \$28,077,513 and total liabilities were \$1,460,734.

The debt service – other fund is used to account for the payment of principal and interest of the District's Certificates of Participation (COPs) and notes payable and had a total fund balance of \$3,944 at June 30, 2016.

The capital projects – local capital improvement fund had a total fund balance of \$3,293,739 at June 30, 2016 all of which has been restricted for capital projects.

The capital projects – other fund had a total fund balance of \$7,133,051 at June 30, 2016 all of which has been restricted for capital projects.

## **Proprietary Funds**

Unrestricted net position of the enterprise fund – Beacon Learning Center was \$2,309,577 at June 30, 2016, while total net position was \$2,334,008.

## **Internal Service Fund**

Unrestricted net position of the internal service fund was \$4,721,895 at June 30, 2016.

## **General Fund Budgetary Highlights**

The District's budgets are prepared, and amendments made, according to Florida law. The most significant budgeted fund is the general fund.

For the year ended June 30, 2016 actual revenues and other financing sources totaled \$1,387,380 more than the final budgeted amounts, while actual expenditures were \$17,513,661 less than the final budgeted amounts. Positive budget variances occurred in several functions, including instructional, central services, and plant operations. The ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$18,901,041 due to significant cost savings and the establishment of several reserve accounts designed to help the District offset expected revenue shortfalls.

## **Capital Assets and Long-term Debt**

### **Capital Assets**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2016, was \$301,563,252 and \$24,431, respectively (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; property under capital lease; motor vehicles; construction in progress; audio visual materials; and computer software.

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

### **Debt Administration**

At June 30, 2016, the District had total long-term debt outstanding of \$211,906,072. This amount is comprised of \$10,260,888 of accrued compensated absences, \$81,739,353 of net pension liability, \$1,516,000 of bonds payable, \$ 17,333,610 in estimated insurance claims payable, \$21,809,000 in sales tax revenue anticipation notes, \$79,069,200 of certificates of participation payable, \$133,416 in obligations under capital leases, and \$44,605 of other postemployment benefits.

Additional information on the District's long-term debt can be found in notes 6 through 11 to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the Bay County District School Board's finances. Questions concerning information provided in the report, requests for additional financial information or information associated with the District's discretely presented component units should be addressed to the Manager of Financial Services, Bay County District School Board, 1311 Balboa Avenue, Panama City, Florida 32401. The District's website address is <http://www.bay.k12.fl.us/>.

**Bay County District School Board**  
**Statement of Net Position**  
**June 30, 2016**

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 67,532,706	\$ 3,331,359	\$ 70,864,065	\$ 16,867,498
Investments	-	-	-	3,092,300
Accounts receivable, net	200	-	200	3,724,737
Internal balances	61,663	(61,663)	-	-
Due from other agencies	551,921	-	551,921	136,979
Prepaid expenses	1,590,958	-	1,590,958	174,237
Inventories	927,795	-	927,795	8,922
Other current assets	1,338,697	-	1,338,697	23,836
Total current assets	72,003,940	3,269,696	75,273,636	24,028,509
Noncurrent assets				
Capital assets				
Nondepreciable	25,181,011	-	25,181,011	2,305,128
Depreciable, net	276,382,241	24,431	276,406,672	40,412,760
Total noncurrent assets	301,563,252	24,431	301,587,683	42,717,888
Total assets	373,567,192	3,294,127	376,861,319	66,746,397
<b>Deferred outflows of resources</b>				
Deferred loss from debt refunding	3,968,731	-	3,968,731	-
Deferred outflows related to net pension	20,561,718	112,413	20,674,131	2,514,693
Total assets and deferred outflows of resources	398,097,641	3,406,540	401,504,181	69,261,090
<b>Liabilities</b>				
Current liabilities				
Accounts payable	982,906	5,990	988,896	297,679
Accrued expenses	784,730	289	785,019	45,521
Construction contracts payable				
- retainage	87,390	-	87,390	-
Customer deposits	6,692	-	6,692	-
Due to other agencies	8,230	-	8,230	-
Unearned revenue	164,669	387,576	552,245	30,722
Matured certificates of participation payable	5,125,700	-	5,125,700	-
Matured interest payable	1,253,603	-	1,253,603	541,214
Total current liabilities	8,413,920	393,855	8,807,775	915,136

(Continued)

See accompanying notes.

**Bay County District School Board**  
**Statement of Net Position (Continued)**  
**June 30, 2016**

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>Noncurrent liabilities</b>				
Due within one year				
Certificates of participation payable	\$ 5,279,700	\$ -	\$ 5,279,700	\$ -
Accrued compensated absences	2,024,141	28,037	2,052,178	23,984
Obligations under capital leases	133,416	-	133,416	74,591
Bonds payable	656,000	-	656,000	265,000
Notes payable	5,506,000	-	5,506,000	292,846
Estimated insurance claims payable	7,514,988	-	7,514,988	-
Due in more than one year				
Certificates of participation payable	73,789,500	-	73,789,500	-
Accrued compensated absences	8,096,563	112,147	8,208,710	36,060
Obligations under capital leases	-	-	-	798,885
Bonds payable	860,000	-	860,000	30,189,791
Net pension liability	81,265,627	473,726	81,739,353	6,549,086
Notes payable	16,303,000	-	16,303,000	6,158,971
Unearned contribution	-	-	-	4,700,521
Estimated insurance claims payable	9,818,622	-	9,818,622	-
Other postemployment benefits	44,605	-	44,605	-
<b>Total noncurrent liabilities</b>	<b>211,292,162</b>	<b>613,910</b>	<b>211,906,072</b>	<b>49,089,735</b>
<b>Total liabilities</b>	<b>219,706,082</b>	<b>1,007,765</b>	<b>220,713,847</b>	<b>50,004,871</b>
<b>Deferred inflows of resources</b>				
Deferred inflows related to net pension	11,110,489	64,767	11,175,256	816,889
<b>Total liabilities and deferred inflows of resources</b>	<b>230,816,571</b>	<b>1,072,532</b>	<b>231,889,103</b>	<b>50,821,760</b>
<b>Net position</b>				
Net investment in capital assets	199,035,636	24,431	199,060,067	1,808,022
Restricted				
State required carryover programs	1,138,938	-	1,138,938	-
Debt service	36,983	-	36,983	1,215,609
Capital projects	10,358,799	-	10,358,799	-
Food service	4,013,575	-	4,013,575	-
Other purposes	-	-	-	6,340,710
Unrestricted	(47,302,861)	2,309,577	(44,993,284)	9,074,989
<b>Total net position</b>	<b>\$ 167,281,070</b>	<b>\$ 2,334,008</b>	<b>\$ 169,615,078</b>	<b>\$ 18,439,330</b>

See accompanying notes.

**Bay County District School Board**  
**Statement of Activities**  
**Year ended June 30, 2016**

					Net (Expenses)/Revenues and				
					Changes in Net Position				
Program Revenues					Primary Government			Component	
								Units	
Expenses	Charges for	Operating	Capital		Governmental	Business-type			
	Services	Grants and	Grants and		Activities	Activities	Total		
Contributions		Contributions	Contributions						
Functions/Programs									
Primary Government									
Governmental activities									
Instructional services	\$ 142,328,019	\$ 1,603,657	\$ -	\$ -	\$ (140,724,362)	\$ -	\$ (140,724,362)	\$ -	-
Pupil services	9,252,320	-	-	-	(9,252,320)	-	(9,252,320)	-	-
Instructional media services	2,374,053	-	-	-	(2,374,053)	-	(2,374,053)	-	-
Instructional and curriculum development services	5,133,753	-	-	-	(5,133,753)	-	(5,133,753)	-	-
Instructional staff training services	3,647,025	-	-	-	(3,647,025)	-	(3,647,025)	-	-
Instruction related technology	106,213	-	-	-	(106,213)	-	(106,213)	-	-
School board	1,118,114	-	-	-	(1,118,114)	-	(1,118,114)	-	-
General administrative services	663,085	-	-	-	(663,085)	-	(663,085)	-	-
School administrative services	13,579,681	-	-	-	(13,579,681)	-	(13,579,681)	-	-
Facilities acquisition and construction	6,948,035	42,405	-	1,550,221	(5,355,409)	-	(5,355,409)	-	-
Fiscal services	1,727,536	-	-	-	(1,727,536)	-	(1,727,536)	-	-
Food services	9,094,195	1,671,549	8,678,943	-	1,256,297	-	1,256,297	-	-
Central services	2,941,845	-	-	-	(2,941,845)	-	(2,941,845)	-	-
Pupil transportation services	9,092,248	345,667	-	-	(8,746,581)	-	(8,746,581)	-	-
Plant operations	16,567,625	-	-	-	(16,567,625)	-	(16,567,625)	-	-
Maintenance services	4,527,070	-	-	-	(4,527,070)	-	(4,527,070)	-	-
Administrative technology services	3,124,817	-	-	-	(3,124,817)	-	(3,124,817)	-	-
Community services	3,201,883	2,090,552	-	-	(1,111,331)	-	(1,111,331)	-	-
Unallocated interest on long-term debt	3,331,077	-	703,482	-	(2,627,595)	-	(2,627,595)	-	-

(Continued)

See accompanying notes.

**Bay County District School Board**  
**Statement of Activities (Continued)**  
**Year ended June 30, 2016**

					Net (Expenses)/Revenues and			
					Changes in Net Position			Component Units
Program Revenues					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Unallocated depreciation	\$ 25,362,742	\$ -	\$ -	\$ -	\$ (25,362,742)	\$ -	\$ (25,362,742)	\$ -
Total governmental activities	264,121,336	5,753,830	9,382,425	1,550,221	(247,434,860)	-	(247,434,860)	-
Business-type activities								
Beacon Learning Center	1,507,695	1,656,374	-	-	-	148,679	148,679	-
Total business-type activities	1,507,695	1,656,374	-	-	-	148,679	148,679	-
Total primary government	\$ 265,629,031	\$ 7,410,204	\$ 9,382,425	\$ 1,550,221	(247,434,860)	148,679	(247,286,181)	-
Component units	\$ 28,833,424	\$ 1,978,742	\$ 532,286	\$ 151,746	-	-	-	(26,170,650)
Taxes								
Property taxes, levied for operating purposes					86,564,558	-	86,564,558	-
Property taxes, levied for capital projects					18,220,196	-	18,220,196	-
Local sales taxes					20,131,724	-	20,131,724	-
Grants and contributions not restricted to specific programs					130,534,793	-	130,534,793	33,531,180
Total general revenues					255,451,271	-	255,451,271	33,531,180
Interest earnings					403,759	13,575	417,334	37,731
Rental income					91,800	-	91,800	-
Miscellaneous					2,919,273	-	2,919,273	76,322
Total general revenues, interest and other revenue					258,866,103	13,575	258,879,678	33,645,233
Change in net position					11,431,243	162,254	11,593,497	7,474,583
Net position - beginning					155,849,827	2,171,754	158,021,581	10,964,747
Net position - ending					\$ 167,281,070	\$ 2,334,008	\$ 169,615,078	\$ 18,439,330

See accompanying notes.

**Bay County District School Board**  
**Balance Sheet – Governmental Funds**  
**June 30, 2016**

	General Fund	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 26,694,189	\$ 6,383,247	\$ 3,478,888	\$ 7,308,722	\$ 4,066,953	\$ 47,931,999
Accounts receivable, net	200	-	-	-	-	200
Due from other agencies	210,287	-	5,555	256	335,824	551,922
Due from other funds	286,317	-	-	-	277	286,594
Inventories	886,520	-	-	-	41,274	927,794
Prepays	-	-	-	104,162	-	104,162
<b>Total assets</b>	<b>\$ 28,077,513</b>	<b>\$ 6,383,247</b>	<b>\$ 3,484,443</b>	<b>\$ 7,413,140</b>	<b>\$ 4,444,328</b>	<b>49,802,671</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 822,317	\$ -	\$ 76,083	\$ 257,623	\$ 78,123	1,234,146
Accrued expenses	506,700	-	-	-	20,362	527,062
Construction contracts payable - retainage	-	-	64,924	22,466	-	87,390
Deposits payable	6,692	-	-	-	-	6,692
Due to other agencies	-	-	-	-	8,230	8,230
Due to other funds	280	-	49,697	-	169,686	219,663
Matured certificates of participation payable	-	5,125,700	-	-	-	5,125,700
Matured interest payable	-	1,253,603	-	-	-	1,253,603
Unearned revenue	124,745	-	-	-	39,924	164,669
<b>Total liabilities</b>	<b>1,460,734</b>	<b>6,379,303</b>	<b>190,704</b>	<b>280,089</b>	<b>316,325</b>	<b>8,627,155</b>

(Continued)

See accompanying notes.

**Bay County District School Board**  
**Balance Sheet – Governmental Funds (Continued)**  
**June 30, 2016**

	General Fund	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
Fund balance						
Nonspendable						
Prepays	\$ -	\$ -	\$ -	\$ 104,162	\$ -	\$ 104,162
Inventories	886,520	-	-	-	41,274	927,794
Restricted						
State required carryover programs	1,138,938	-	-	-	-	1,138,938
Food service	-	-	-	-	4,013,575	4,013,575
Debt service	-	-	-	-	36,983	36,983
Capital projects	-	-	3,293,739	7,028,889	36,171	10,358,799
Assigned						
Debt service	-	3,944	-	-	-	3,944
Future purchases	1,251,218	-	-	-	-	1,251,218
Unassigned	23,340,103	-	-	-	-	23,340,103
Total fund balances	26,616,779	3,944	3,293,739	7,133,051	4,128,003	41,175,516
Total liabilities and fund balances	\$ 28,077,513	\$ 6,383,247	\$ 3,484,443	\$ 7,413,140	\$ 4,444,328	

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.	301,563,252
Internal service funds are used by management to charge the costs of workers' compensation and insurance costs to individual funds.	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	4,721,895
Deferred outflows and inflows are not financial resources or liabilities and therefore, are not reported in the funds.	13,380,783
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(193,560,376)
Net position of governmental activities	\$ 167,281,070

See accompanying notes.

**Bay County District School Board**

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**

**Year ended June 30, 2016**

	General Fund	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Intergovernmental						
Federal direct	\$ 637,623	\$ -	\$ -	\$ -	\$ 1,278,699	\$ 1,916,322
Federal through state and local	1,047,179	-	-	-	23,998,761	25,045,940
State	111,392,375	-	-	-	2,379,372	113,771,747
Local						
Property taxes	86,463,423	-	-	-	-	86,463,423
Local sales taxes	-	-	-	20,131,723	-	20,131,723
District local capital improvement taxes	-	-	18,180,323	-	-	18,180,323
Payments in lieu of taxes	101,135	-	39,873	-	-	141,008
Charges for services	3,736,614	-	-	-	1,671,549	5,408,163
Rental income	91,800	-	-	-	-	91,800
Interest income	152,142	273	117,550	53,613	11,307	334,885
Miscellaneous	3,957,232	-	-	749,284	124,269	4,830,785
Total revenues	207,579,523	273	18,337,746	20,934,620	29,463,957	276,316,119
<b>Expenditures</b>						
Current - education						
Instructional services	137,493,533	-	-	-	8,133,233	145,626,766
Pupil services	7,572,797	-	-	-	1,764,813	9,337,610
Instructional media services	2,360,003	-	-	-	31,312	2,391,315
Instructional and curriculum development services	2,925,851	-	-	-	2,253,248	5,179,099
Instructional staff training services	1,339,481	-	-	-	2,327,221	3,666,702
Instruction related technology	12,216	-	-	-	93,639	105,855
School board	1,122,705	-	-	-	-	1,122,705
General administrative services	666,257	-	-	-	568,455	1,234,712
School administrative services	13,954,055	-	-	-	89,062	14,043,117
Facilities acquisition and construction	507,564	-	1,684,310	4,753,846	-	6,945,720
Central services	2,915,340	-	-	-	8,185	2,923,525

(Continued)

See accompanying notes.

**Bay County District School Board**

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Continued)**

**Year ended June 30, 2016**

	General Fund	Debt Service - Other Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
Fiscal services	\$ 1,738,973	\$ -	\$ -	\$ -	\$ -	\$ 1,738,973
Food services	-	-	-	-	9,413,167	9,413,167
Pupil transportation services	8,232,352	-	-	-	16,180	8,248,532
Plant operations	15,902,209	-	-	-	-	15,902,209
Maintenance services	4,512,838	-	-	-	-	4,512,838
Administrative technology services	3,141,476	-	-	-	-	3,141,476
Community services	1,941,142	-	-	-	1,278,699	3,219,841
Capital outlay	547,544	-	8,045,481	7,380,698	514,385	16,488,108
Debt service						
Principal	-	12,469,040	-	596,594	615,000	13,680,634
Interest and fiscal charges	-	2,912,774	-	-	113,016	3,025,790
Total expenditures	206,886,336	15,381,814	9,729,791	12,731,138	27,219,615	271,948,694
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>693,187</b>	<b>(15,381,541)</b>	<b>8,607,955</b>	<b>8,203,482</b>	<b>2,244,342</b>	<b>4,367,425</b>
<b>Other financing sources (uses)</b>						
Transfers in	2,014,246	15,372,602	-	-	-	17,386,848
Transfers out	-	-	(9,915,995)	(7,747,050)	(1,301,293)	(18,964,338)
Total other financing sources (uses)	2,014,246	15,372,602	(9,915,995)	(7,747,050)	(1,301,293)	(1,577,490)
Net changes in fund balances	2,707,433	(8,939)	(1,308,040)	456,432	943,049	2,789,935
Fund balances - beginning	23,909,346	12,883	4,601,779	6,676,619	3,184,954	38,385,581
Fund balances - ending	\$ 26,616,779	\$ 3,944	\$ 3,293,739	\$ 7,133,051	\$ 4,128,003	\$ 41,175,516

See accompanying notes.

**Bay County District School Board**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
Year ended June 30, 2016**

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

Net changes in fund balances - total governmental funds (page 20)	\$ 2,789,935
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(9,699,723)
The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments , and donations) is to increase net assets.	51,040
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds (i.e. compensated absences, net pension liabilities, and other postemployment benefits).	2,862,367
Internal service funds are used by management to charge the costs of workers' compensation and insurance costs to individual funds. The net change of certain activities of internal service funds is reported with governmental activities. The internal balance resulting from the allocation of internal service funds to business-type activities is also reported.	2,052,277
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	13,375,347
<b>Change in net position of governmental activities (page 16)</b>	<b>\$ 11,431,243</b>

See accompanying notes.

**Bay County District School Board**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual – General Fund**  
**Year ended June 30, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental				
Federal direct	\$ 683,643	\$ 741,356	\$ 637,623	\$ (103,733)
Federal through state and local	500,000	848,151	1,047,179	199,028
State	112,137,687	111,392,412	111,392,375	(37)
Local				
Property taxes	85,910,216	85,910,216	86,463,423	553,207
Payments in lieu of taxes	-	-	101,135	101,135
Charges for services	1,928,670	3,574,732	3,736,614	161,882
Rental income	-	91,800	91,800	-
Interest income	75,000	75,228	152,142	76,914
Miscellaneous	2,225,000	3,162,894	3,957,232	794,338
Total revenues	203,460,216	205,796,789	207,579,523	1,782,734
<b>Expenditures</b>				
Current - education				
Instructional services	145,754,075	147,063,879	137,493,533	9,570,346
Pupil services	7,741,001	7,982,561	7,572,797	409,764
Instructional media services	2,588,694	2,444,149	2,360,003	84,146
Instructional and curriculum development services	3,094,549	3,283,042	2,925,851	357,191
Instructional staff training services	1,257,878	1,450,607	1,339,481	111,126
Instruction related technology	1,670	15,002	12,216	2,786
School board	917,801	1,320,279	1,122,705	197,574
General administrative services	627,932	662,428	666,257	(3,829)
School administrative services	13,456,323	14,229,036	13,954,055	274,981
Facilities acquisition and construction	492,026	517,977	507,564	10,413
Fiscal services	2,040,545	2,758,196	1,738,973	1,019,223
Central services	3,596,302	4,016,572	2,915,340	1,101,232
Pupil transportation services	9,057,727	8,961,307	8,232,352	728,955
Plant operations	17,028,767	17,597,684	15,902,209	1,695,475
Maintenance services	5,132,235	5,230,082	4,512,838	717,244
Administrative technology services	3,427,063	3,503,914	3,141,476	362,438
Community services	1,956,558	2,089,048	1,941,142	147,906
Capital outlay	1,987,939	1,274,234	547,544	726,690
Total current	220,159,085	224,399,997	206,886,336	17,513,661
Excess (deficit) of revenues over (under) expenditures	(16,698,869)	(18,603,208)	693,187	19,296,395
Other financing sources (uses)				
Transfers in	1,415,628	2,409,600	2,014,246	(395,354)
Total other financing sources (uses)	1,415,628	2,409,600	2,014,246	(395,354)
Net changes in fund balance	(15,283,241)	(16,193,608)	2,707,433	18,901,041
Fund balance - beginning	23,909,346	23,909,346	23,909,346	-
Fund balance - ending	\$ 8,626,105	\$ 7,715,738	\$ 26,616,779	\$ 18,901,041

See accompanying notes.

**Bay County District School Board**  
**Statement of Net Position –**  
**Proprietary Funds**  
**June 30, 2016**

	<b>Business-type Activities - Beacon Learning Center</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,331,359	\$ 19,600,707
Prepaid expenses	-	1,486,796
Other current assets	-	1,338,697
Total current assets	3,331,359	22,426,200
Noncurrent assets		
Capital assets		
Property, plant and equipment	221,410	-
Less accumulated depreciation	(196,979)	-
Total noncurrent assets	24,431	-
Total assets	3,355,790	22,426,200
Deferred outflows of resources	112,413	89,222
Total assets and deferred outflows of resources	3,468,203	22,515,422
<b>Liabilities</b>		
Current liabilities		
Accounts payable	5,990	6,428
Accrued expenses	289	-
Accrued compensated absences	28,037	6,426
Unpaid claims liability	-	7,514,988
Due to other funds	61,663	5,268
Unearned revenue	387,576	-
Total current liabilities	483,555	7,533,110
Noncurrent liabilities		
Accrued compensated absences	112,147	25,703
Net pension liability	473,726	366,047
Unpaid claims liability	-	9,818,622
Total noncurrent liabilities	585,873	10,210,372
Total liabilities	1,069,428	17,743,482
Deferred inflows of resources	64,767	50,045
Total liabilities and deferred inflows of resources	1,134,195	17,793,527
<b>Net position</b>		
Net investment in capital assets	24,431	-
Unrestricted	2,309,577	4,721,895
Total net pension	\$ 2,334,008	\$ 4,721,895

See accompanying notes.

**Bay County District School Board**  
**Statement of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**  
**Year ended June 30, 2016**

	<b>Business-type Activities - Beacon Learning Center</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues</b>		
Charges for services	\$ 1,656,374	\$ 16,731,265
Other miscellaneous income	-	237,101
<b>Total operating revenues</b>	<b>1,656,374</b>	<b>16,968,366</b>
<b>Operating expenses</b>		
Salaries	828,360	467,184
Employee benefits	251,630	199,709
Purchased services	283,111	1,245,775
Materials and supplies	22,593	5,485
Small equipment	10,815	7,865
Insurance claims	-	11,651,272
Insurance premiums	-	2,964,952
Other expenses	105,450	20,211
Depreciation	5,736	-
<b>Total operating expenses</b>	<b>1,507,695</b>	<b>16,562,453</b>
<b>Net operating income</b>	<b>148,679</b>	<b>405,913</b>
<b>Nonoperating revenues (expenses)</b>		
Interest income	13,575	68,874
Transfers in	-	1,577,490
<b>Total nonoperating revenues (expenses)</b>	<b>13,575</b>	<b>1,646,364</b>
<b>Changes in net position</b>	<b>162,254</b>	<b>2,052,277</b>
<b>Total net position - beginning</b>	<b>2,171,754</b>	<b>2,669,618</b>
<b>Total net position - ending</b>	<b>\$ 2,334,008</b>	<b>\$ 4,721,895</b>

See accompanying notes.

**Bay County District School Board**  
**Statement of Cash Flows – Proprietary Funds**  
**Year ended June 30, 2016**

	<b>Business-type Activities - Beacon Learning Center</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating activities</b>		
Receipts for services	\$ 1,640,459	\$ 15,762,664
Payments to suppliers	(431,932)	(4,295,197)
Payments to employees	(986,782)	(654,476)
Payments for insurance claims and related fees	-	(8,593,746)
Net cash provided by operating activities	221,745	2,219,245
<b>Capital and related financing activities</b>		
Payments to/(from) other funds	2,630	2,421,608
Transfers from other funds, net	-	1,577,490
Purchase of capital assets	(12,934)	-
Net cash provided (used) by capital and related financing activities	(10,304)	3,999,098
<b>Investing activities</b>		
Interest received	13,575	68,874
Net cash provided by investing activities	13,575	68,874
Net increase in cash and cash equivalents	225,016	6,287,217
Cash and cash equivalents - beginning	3,106,343	13,313,490
Cash and cash equivalents - ending	\$ 3,331,359	\$ 19,600,707

(Continued)

See accompanying notes.

**Bay County District School Board**  
**Statement of Cash Flows – Proprietary Funds (Continued)**  
**Year ended June 30, 2016**

	<b>Business-type Activities - Beacon Learning Center</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Reconciliation of net operating income to net cash provided by operating activities</b>	<b>\$ 148,679</b>	<b>\$ 405,913</b>
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation	5,736	-
(Increase) decrease in assets		
Due from other governmental units	375	-
Prepaid expenses	-	(50,126)
Other current assets	-	(1,205,702)
(Increase) decrease in deferred outflows of resources	(35,364)	(25,724)
Increase (decrease) in liabilities		
Accounts payable	(8,271)	1,969
Accrued expenses	(1,692)	(783)
Accrued compensated absences	42,139	(5,405)
Unpaid claims liability	-	3,055,557
Unearned revenue	(16,290)	-
Net pension liability	189,131	131,509
Increase (decrease) in deferred inflows of resources	(102,698)	(87,963)
<b>Total adjustments</b>	<b>73,066</b>	<b>1,813,332</b>
<b>Net cash provided by operating activities</b>	<b>\$ 221,745</b>	<b>\$ 2,219,245</b>

See accompanying notes.

**Bay County District School Board**  
**Statement of Fiduciary Assets and Liabilities – Fiduciary Funds**  
**June 30, 2016**

		<b>Agency Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$	2,048,133
Investments		779,613
Accounts receivable, net		106,750
Inventories		86,672
<b>Total assets</b>		<b>\$ 3,021,168</b>
<b>Liabilities</b>		
Accounts payable	\$	291,695
Due to other funds - budgetary		2,729,473
<b>Total liabilities</b>		<b>\$ 3,021,168</b>

See accompanying notes.

**Bay County District School Board**  
**Combining Statement of Net Position – Discretely Presented Component Units**  
**June 30, 2016**

	Bay Haven Charter Academy, Inc.	Palm Bay Educational Group, Inc.	Chautauqua Charter School, Inc.	Community Charter Academy, Inc.	Rising Leaders Academy	Bay Education Foundation, Inc.	Bay Haven Foundation	Total Component Units
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 11,929,661	\$ 539,459	\$ 320,212	\$ 436,327	\$ 139,320	\$ 3,319,706	\$ 182,813	\$ 16,867,498
Investments	3,092,300	-	-	-	-	-	-	3,092,300
Accounts receivable, net	761,995	12,070	-	672	-	2,950,000	-	3,724,737
Due from other agencies	-	677	136,302	-	-	-	-	136,979
Prepaid expenses	74,904	63,020	1,776	34,537	-	-	-	174,237
Inventories	8,922	-	-	-	-	-	-	8,922
Other assets	11,426	-	-	12,410	-	-	-	23,836
Total current assets	15,879,208	615,226	458,290	483,946	139,320	6,269,706	182,813	24,028,509
Noncurrent assets								
Capital assets								
Nondepreciable	2,305,128	-	-	-	-	-	-	2,305,128
Depreciable, net	29,315,924	21,896	29,267	10,441,839	603,834	-	-	40,412,760
Total noncurrent assets	31,621,052	21,896	29,267	10,441,839	603,834	-	-	42,717,888
Total assets	47,500,260	637,122	487,557	10,925,785	743,154	6,269,706	182,813	66,746,397
Deferred outflows of resources	2,476,389	-	38,304	-	-	-	-	2,514,693
Total assets and deferred outflows of resources	49,976,649	637,122	525,861	10,925,785	743,154	6,269,706	182,813	69,261,090
<b>Liabilities</b>								
Current liabilities								
Accounts payable	90,813	91,179	8,209	107,478	-	-	-	297,679
Accrued expenses	45,521	-	-	-	-	-	-	45,521
Unearned revenue	30,722	-	-	-	-	-	-	30,722
Matured interest payable	541,214	-	-	-	-	-	-	541,214
Total current liabilities	708,270	91,179	8,209	107,478	-	-	-	915,136

(Continued)

See accompanying notes.

**Bay County District School Board**

**Combining Statement of Net Position – Discretely Presented Component Units (Continued)**

**June 30, 2016**

	Bay Haven Charter Academy, Inc.	Palm Bay Educational Group, Inc.	Chautauqua Charter School, Inc.	Community Charter Academy, Inc.	Rising Leaders Academy	Bay Education Foundation, Inc.	Bay Haven Foundation	Total Component Units
<b>Noncurrent liabilities</b>								
Due within one year								
Accrued compensated absences	\$ 23,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,984
Bonds payable	265,000	-	-	-	-	-	-	265,000
Obligations under capital leases	74,591	-	-	-	-	-	-	74,591
Notes payable	-	-	-	256,800	36,046	-	-	292,846
Due in more than one year								
Accrued compensated absences	36,060	-	-	-	-	-	-	36,060
Notes payable	-	-	-	5,612,631	546,340	-	-	6,158,971
Unearned contribution	-	-	-	4,700,521	-	-	-	4,700,521
Bonds payable	30,189,791	-	-	-	-	-	-	30,189,791
Net pension liability	6,384,197	-	164,889	-	-	-	-	6,549,086
Obligations under capital leases	798,885	-	-	-	-	-	-	798,885
<b>Total noncurrent liabilities</b>	<b>37,772,508</b>	<b>-</b>	<b>164,889</b>	<b>10,569,952</b>	<b>582,386</b>	<b>-</b>	<b>-</b>	<b>49,089,735</b>
<b>Total liabilities</b>	<b>38,480,778</b>	<b>91,179</b>	<b>173,098</b>	<b>10,677,430</b>	<b>582,386</b>	<b>-</b>	<b>-</b>	<b>50,004,871</b>
Deferred inflows of resources	765,849	-	51,040	-	-	-	-	816,889
<b>Total liabilities and deferred inflows of resources</b>	<b>39,246,627</b>	<b>91,179</b>	<b>224,138</b>	<b>10,677,430</b>	<b>582,386</b>	<b>-</b>	<b>-</b>	<b>50,821,760</b>
<b>Net position</b>								
Net investment in capital assets	1,699,365	21,896	29,267	-	57,494	-	-	1,808,022
Restricted								
Debt service	1,215,609	-	-	-	-	-	-	1,215,609
Other purposes	-	-	-	-	-	6,163,820	176,890	6,340,710
Unrestricted	7,815,048	524,047	272,456	248,355	103,274	105,886	5,923	9,074,989
<b>Total net position</b>	<b>\$ 10,730,022</b>	<b>\$ 545,943</b>	<b>\$ 301,723</b>	<b>\$ 248,355</b>	<b>\$ 160,768</b>	<b>\$ 6,269,706</b>	<b>\$ 182,813</b>	<b>\$ 18,439,330</b>

See accompanying notes.

**Bay County District School Board**  
**Combining Statement of Activities – Discretely Presented Component Units**  
**Year ended June 30, 2016**

	Bay Haven Charter Academy, Inc.	Palm Bay Educational Group, Inc.	Chautauqua Charter School, Inc.	Community Charter Academy, Inc.	Rising Leaders Academy	Bay Education Foundation, Inc.	Bay Haven Foundation	Total Component Units
<b>Revenues</b>								
Charges for services	\$ 1,642,406	\$ 22,244	\$ -	\$ 268,098	\$ 45,994	\$ -	\$ -	\$ 1,978,742
Operating grants and contributions	400,661	-	127,590	4,035	-	-	-	532,286
Capital grants and contributions	-	52,669	9,166	89,911	-	-	-	151,746
Grants and contributions not restricted to specific purposes	20,382,554	2,413,997	699,222	2,775,006	805,040	6,420,610	34,751	33,531,180
Investment earnings	15,448	-	-	-	-	21,887	396	37,731
Miscellaneous	76,322	-	-	-	-	-	-	76,322
<b>Total revenues</b>	<b>22,517,391</b>	<b>2,488,910</b>	<b>835,978</b>	<b>3,137,050</b>	<b>851,034</b>	<b>6,442,497</b>	<b>35,147</b>	<b>36,308,007</b>
<b>Expenses</b>								
Instructional services	10,802,082	830,119	547,181	1,716,531	458,427	-	-	14,354,340
Pupil services	356,622	24,246	82,804	-	-	-	-	463,672
Instructional media services	58,362	1,325	-	-	-	-	-	59,687
Instructional and curriculum development services	-	277	-	-	-	-	-	277
	-	408	-	41,377	-	-	-	41,785
Instructional staff training services	32,344	1,547	3,179	-	6,154	-	-	43,224
Instruction related technology	135,995	17,273	-	-	1,912	-	-	155,180
School board	134,567	142,311	57,811	115,525	45,848	-	-	496,062
General administrative services	1,213,065	-	-	-	-	119,815	-	1,332,880
School administrative services	1,591,324	453,841	33,922	219,902	101,746	-	-	2,400,735
Facilities acquisition and construction	57,534	323,061	21,000	1	-	-	-	401,596
Fiscal services	22,408	70,159	25,142	82,406	35,730	-	-	235,845
Food services	747,161	27,274	-	-	21,915	-	-	796,350
Pupil transportation services	307,332	1,865	35,803	28,504	6,560	-	-	380,064
Plant operations	1,770,608	78,107	20,419	362,237	36,667	-	-	2,268,038
Maintenance services	247,746	6,327	3,353	21,725	1,092	-	-	280,243

(Continued)

See accompanying notes.

**Bay County District School Board**

**Combining Statement of Activities – Discretely Presented Component Units (Continued)**

**Year ended June 30, 2016**

	<b>Bay Haven Charter Academy, Inc.</b>	<b>Palm Bay Educational Group, Inc.</b>	<b>Chautauqua Charter School, Inc.</b>	<b>Community Charter Academy, Inc.</b>	<b>Rising Leaders Academy</b>	<b>Bay Education Foundation, Inc.</b>	<b>Bay Haven Foundation</b>	<b>Total Component Units</b>
Community services	\$ 321,791	\$ 9,608	\$ 4,909	\$ 15,792	\$ 2,360	\$ 444,268	\$ 768,761	\$ 1,567,489
Unallocated interest on long-term debt	1,212,473	2,640	-	268,378	31,821	-	-	1,515,312
Unallocated depreciation	1,736,313	51,955	5,190	200,495	21,613	-	-	2,015,566
Loss on disposal of capital assets	-	25,079	-	-	-	-	-	25,079
<b>Total expenses</b>	<b>20,747,727</b>	<b>2,067,422</b>	<b>840,713</b>	<b>3,072,873</b>	<b>771,845</b>	<b>564,083</b>	<b>768,761</b>	<b>28,833,424</b>
Change in net position	1,769,664	421,488	(4,735)	64,177	79,189	5,878,414	(733,614)	7,474,583
Net position - beginning	8,960,358	124,455	306,458	184,178	81,579	391,292	916,427	10,964,747
Net position - ending	\$ 10,730,022	\$ 545,943	\$ 301,723	\$ 248,355	\$ 160,768	\$ 6,269,706	\$ 182,813	\$ 18,439,330

See accompanying notes.

## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Reporting Entity*

The Bay County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Bay County School District (District) is considered part of the Florida system of public education. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Bay 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 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 Bay County Educational Facilities Finance Corporation (Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in note 8. Due to the substantive economic relationship between the District and the Corporation, the financial activities of the Corporation are included in the accompanying basic financial statements. Separate financial statements for the Corporation are not published.
- Discretely Presented Component Units The component unit columns in the government-wide financial statements include the financial data of two foundations and the District's ten charter schools.

The Bay Education Foundation, Inc., (Foundation) is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the District. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit. The Bay Haven Foundation, is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of Bay Haven Charter Academy, Inc. and thereby the District.

The charter schools are Bay Haven Charter Academy, Inc., d/b/a Bay Haven Charter Academy Elementary School, Bay Haven Charter Academy Middle School, North Bay Haven Charter Elementary School, North Bay Haven Charter Middle School, and North Bay Haven Charter Career Academy; Palm Bay Educational Group, Inc. d/b/a Palm Bay Preparatory Academy and Central High School; the Chautauqua Charter School, Inc. d/b/a Chautauqua Learn and Serve Charter School; Community Charter Academy, Inc., d/b/a University Academy, Inc.; and Rising Leaders Academy, Inc.

## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The charter schools are 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 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 charters, 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 District may choose not to renew the charters as specified in the charters, but the District must notify the charter schools in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Pursuant to Section 1002.33(8)(e), Florida Statutes, in the event a school is dissolved or terminated, any encumbered funds and all school property purchased with public funds shall automatically revert to the District. The charter schools are considered component units of the District since they are fiscally dependent on the District to levy taxes for its support.

Copies of the separate financial statements for the charter schools and the foundations are available at the District's administrative office.

#### ***Basis of Presentation***

Government-wide Financial Statements - The statement of net position and the statement of activities, present information about the District as a whole. These statements include the nonfiduciary financial activity of the District and its component units. The statements distinguish between governmental activities of the District and those that are considered business-type activities.

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 and for each segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the pupil transportation services, central services, and operation of plant functions is allocated to those functions, with remaining depreciation expense reported as unallocated.

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

## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The effects of interfund activity have been eliminated from the government-wide financial statements, except for interfund services provided and used and the net residual amounts between governmental and business-type activities.

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

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Debt Service – Other Fund – to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs for the District's certificates of participation and notes payable.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.
- Capital Projects – Other Fund – to account for the financial resources generated by the issuance of certificates of participation, sales tax anticipation note, and the discretionary sales surtax to be used for educational outlay needs, including new construction, renovation and remodeling projects, and technology equipment.

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

- Enterprise Fund – Beacon Learning Center – to account for the financial activities and account balances of the Beacon Learning Center which provides educational services for a fee to individuals, public and private entities, and district school boards.
- Internal Service Fund – to account for the District's self-insurance programs.
- Agency Funds – 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.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of

## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### ***Basis of Accounting***

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditures are generally recognized when the related fund liability is incurred, as with accrual accounting. However, debt service expenditures, claims and judgments, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for online educational resources and professional development courses. Operating expenses include salaries, benefits, materials, purchased services, capital outlay, and depreciation related to the development of these online educational resources and professional development courses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the District's internal service funds are charges for property casualty and workers' compensation insurance. Operating expenses include insurance claims, excess coverage premiums, and related operating costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. The Foundations are accounted for as a not-for-profits and use the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

#### ***Cash, Cash Equivalents, and Investments***

The District's cash and cash equivalents are considered to be cash on hand; demand deposits; certificates of deposit; and short-term, highly liquid debt instruments with original maturities of three months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME; Hancock Horizon Government Money Market Fund; Federated Government Obligations Fund; and certificates of deposit.

Cash deposits are held by banks that are qualified public depositories under Florida law or through the Federally Insured Cash Account program, which complies with the provisions of Section 218.415(23), Florida Statutes, and is therefore exempt from Florida's public deposits program pursuant to Section 280.03(3)(f), Florida Statutes. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Investments consist of amounts placed in SBA Debt Service accounts for investment of debt service moneys; amounts placed with SBA for participation in Florida PRIME investment pool created by Sections 218.405 and 218.417, Florida Statutes; those held by a trustee pursuant to a trust agreement entered into and restricted as part of the financing agreement for the Certificates of Participation, Series 2007, Series 2010, Series 2013, and Series 2015; and those made locally. The investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.



## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District's investments in Florida PRIME, which SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2016, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The investments held by the trustee are reported at fair value.

#### ***Inventories***

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are measured at net realizable value and stated at average cost, except that 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 Agriculture and Consumer Services, Bureau of Food Distribution. Although the costs of inventories are recorded as expenditures when used rather than purchased, a fund balance reserve is established at fiscal year end to indicate that inventories do not constitute available expendable resources even though inventories are a component of current assets.

#### ***Prepays***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The cost of prepaids 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 positions but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000 and a useful service life of more than one year. Donated assets are recorded at fair value at the date of donation.

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

## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are depreciated using the unweighted average method generally over the following estimated useful lives:

Description	Estimated Lives
Improvements Other than Buildings	9 – 37.5 years
Buildings and Fixed Equipment	10 – 50 years
Furniture, Fixtures, and Equipment	3 – 15 years
Motor Vehicles	5 – 10 years
Audio Visual Materials and Computer Software	5 years

#### ***Pensions***

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

#### ***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.

#### ***Compensated Absences***

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

#### ***Net Position Flow Assumption***

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

***Fund Balance Flow Assumptions***

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

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

The nonspendable fund balance classification includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The balance as of June 30, 2016 of \$1,031,956 is from prepaids and inventories which are not in spendable form.

The restricted fund balance classification includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The balance as of June 30, 2016 of \$15,548,295 is restricted by creditors for repayment of debt issued, state required carryover programs, food service, and capital projects.

The committed fund balance classification may include amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision making authority. The Board is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balance at June 30, 2016.

The assigned fund balance classification is intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board approves the assignment of the fund balances. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent fiscal year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an

## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

additional action does not normally have to be taken for the removal of an assignment. The balance as of June 30, 2016 of \$1,255,162 is from purchase orders issued and outstanding as of year end.

The unassigned fund balance classification is the residual classification for the District's fund balance. The balance as of June 30, 2016 is \$23,340,103.

#### ***Deferred outflows, deferred inflows, and net position***

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and this standard renames the components of net position which were previously considered net assets.

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets - represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted - This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Unrestricted - indicates that portion of net position that is available for future periods.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

#### ***Program Revenues***

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

## Bay County District School Board Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***State Revenue Sources***

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

The State provides financial assistance to administer certain educational programs. The State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The Department generally requires that these educational program revenues be accounted for in the general fund. A portion of the fund balance of the general fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department.

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

The Board adopted the 2015 tax levy 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 a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes



## Bay County District School Board Notes to Financial Statements

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

by the sale of interest bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

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

#### ***Capital Outlay Surtax***

In November 2010, the voters of Bay County approved a one-half cent school capital outlay surtax on sales in the County for 10 years, effective January 1, 2011, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes.

#### ***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.

#### ***Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from those estimates.

#### ***Subsequent events***

Management of the District has evaluated subsequent events through March 17, 2017, the date the financial statements were available to be issued.

### **NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The following is an explanation of differences between the general fund balance sheet and statement of net position.

The total fund balance of the District's governmental funds (\$41,175,516) differs from the net position of governmental activities (\$167,281,070) reported in the statement of net position and governmental fund balance sheet. This difference results primarily for the long-term economic focus of the statement of net position versus the current fiscal resources focus of the governmental fund balance sheet.

## Bay County District School Board Notes to Financial Statements

### NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

#### ***Capital related items***

When capital assets (property, leasehold improvements and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets of the District as a whole.

Cost of capital assets	\$ 655,487,475
Accumulated depreciation	(353,924,223)
<hr/>	
Capital assets net of accumulated depreciation	\$ 301,563,252
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#### ***Long-term debt***

Long-term liabilities applicable to the District's governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position.

Obligations under capital leases	\$ 133,416
Bonds payable	1,516,000
Note payable	21,809,000
Certificate of participation payable	79,069,200
Other postemployment benefits	44,605
Net pension liability	80,899,580
Compensated absences payable	10,088,575
<hr/>	
Total long-term liabilities	\$ 193,560,376
<hr/>	

#### ***Deferred inflows and outflows of resources***

Deferred inflows and outflows related to the net pension liabilities applicable to the District's governmental activities are not reported as fund assets and liabilities.

Deferred change related to net pension - deferred inflow of resources	\$ 20,472,496
Deferred change related to net pension - deferred outflow of resources	(11,060,444)
Deferred loss from debt refunding - deferred outflow of resources	3,968,731
<hr/>	
Deferred outflows and inflows of resources	\$ 13,380,783
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**Bay County District School Board**  
**Notes to Financial Statements**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

***Internal service fund***

Internal service funds are reported as enterprise funds at the fund level but are reported as governmental activities in the government-wide financial statements.

Total assets and deferred outflows of resources	\$ 22,515,422
Total liabilities and deferred inflows of resources	(17,793,527)
<hr/>	
Total internal service fund	\$ 4,721,895

The following is an explanation of differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balance - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay	\$ 16,488,108
Depreciation	(26,187,831)
<hr/>	
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ (9,699,723)

Another element of that reconciliation states the issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of this difference is as follows:

Principal payments and payments to bond refunding escrow	\$ 13,680,634
Amortization of loss on debt refunding	(305,287)
<hr/>	
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ 13,375,347

## Bay County District School Board Notes to Financial Statements

### NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Another element of that reconciliation states some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (i.e. compensated absences and amortization of bond discounts). The detail of this difference is as follows:

Change in compensated absences	\$	(105,827)
Change in other postemployment benefits		(6,429)
Change in net pension liability		(24,390,161)
Change in deferred inflows of resources related to pension		22,191,359
Change in deferred outflows of resources related to pension		5,173,425
<hr/>		
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$	2,862,367

Another element of that reconciliation states the net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, and donations) is to increase net position. The details of this difference are as follows:

Donation of fixed assets	\$	51,040
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Also, internal service funds are reported as enterprise funds at the fund level but as governmental activities at the government-wide level. The detail of this difference is as follows:

Total revenues	\$	18,614,730
Total expenses		(16,562,453)
<hr/>		
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$	2,052,277

### NOTE 3 - BUDGETARY COMPLIANCE AND ACCOUNTABILITY

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

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

Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, 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.

## Bay County District School Board Notes to Financial Statements

### NOTE 3 - BUDGETARY COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

- 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.

### NOTE 4 - DEPOSITS AND INVESTMENTS

As of June 30, 2016, the District has the following investments and maturities:

Deposits and investments	Maturities	Fair Value
State Board of Administration (SBA):		
Florida Prime (1) (2)	39 Day Average	\$ 15,019,646
Hancock Horizon Government Money Market Fund (1) (3)	N/A	6,379,308
FICA investments (1)	N/A	11,373,187
Florida Community Bank (1)	N/A	20,631,315
Demand deposits (1)	N/A	17,460,609
Total		\$ 70,864,065

- (1) Investments reported as cash equivalents.
- (2) SBA LGIP investments, totaling \$9,164, are held under trust agreements pursuant to financing arrangements for the Certificates of Participation, Series 2004, 2007, 2010, and 2013.
- (3) The Hancock Horizon Government Money Market Fund invests exclusively in obligations issued or guaranteed as to principal and interest by the United States Government or its agencies or instrumentalities, and repurchase agreements secured by such instruments. Shares in this fund are held as investments in the accounts governed by the trust agreements pursuant to Bay County School District's issues of Certificates of Participation, Series 2004, 2007, 2010, and 2013.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District's investment policy limits the length of investments as follows: (1) investments of short-term funds shall have maturities of no longer than 12 months, and (2) investments of bond reserves, construction funds, and other nonoperating funds shall have a term appropriate for the need for funds and in accordance with debt covenants, but in no event shall exceed five years. Investments of construction funds that are proceeds of tax-exempt debt issues shall have maturities of no longer than three years.

## Bay County District School Board Notes to Financial Statements

### NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Florida PRIME had a weighted average days to maturity (WAM) of 39 days at June 30, 2016. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

#### ***Credit Risk***

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

The District's investments in SBA Debt Service accounts are to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the District. The District relies on policies developed by SBA for managing interest rate risk and credit risk for this account.

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

The District's investments with Hancock Horizon Government Money Market Fund are rated AAAm by Standard & Poor's.

The District's investments in certificates of deposit in the fiduciary fund are in qualified public depositories.

Cash deposits are held by banks that are qualified public depositories under Florida law or through the Federally Insured Cash Account (FICA) program, which complies with the provisions of Section 218.415(23), Florida Statutes, and is therefore exempt from Florida's public deposits program pursuant to Section 280.03(3)(f), Florida Statutes. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

## Bay County District School Board Notes to Financial Statements

### NOTE 5 - CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the tables below:

<b>GOVERNMENTAL ACTIVITIES</b>	<b>June 30, 2015</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>June 30, 2016</b>
Capital assets not being depreciated				
Land	\$ 16,383,950	\$ 2,450	\$ -	\$ 16,386,400
Construction in progress	31,517,865	7,963,735	30,686,989	8,794,611
Total capital assets not being depreciated	47,901,815	7,966,185	30,686,989	25,181,011
Capital assets being depreciated				
Improvements other than buildings	9,914,132	1,123,572	(1,529,907)	12,567,611
Buildings and fixed equipment	525,412,293	35,086,561	60,483	560,438,371
Furniture, fixtures, and equipment	34,449,424	1,623,295	2,741,308	33,331,411
Motor vehicles	12,242,324	1,389,903	413,445	13,218,782
Property under capital lease	3,951,184	-	2,199,841	1,751,343
Audio visual materials and computer software	8,962,325	36,621	-	8,998,946
Total capital assets being depreciated	594,931,682	39,259,952	3,885,170	630,306,464
Less accumulated depreciation				
Improvements other than buildings	5,700,769	460,932	(367,942)	6,529,643
Buildings and fixed equipment	283,305,846	20,991,567	60,483	304,236,930
Furniture, fixtures, and equipment	22,377,855	3,025,254	2,741,308	22,661,801
Motor vehicles	9,460,311	825,090	413,445	9,871,956
Property under capital lease	2,494,272	294,947	1,037,876	1,751,343
Audio visual materials and computer software	8,282,509	590,041	-	8,872,550
Total accumulated depreciation	331,621,562	26,187,831	3,885,170	353,924,223
Total capital assets being depreciated, net of accumulated depreciation	263,310,120	13,072,121	-	276,382,241
Capital assets, net	\$ 311,211,935	\$ 21,038,306	\$ 30,686,989	\$ 301,563,252

## Bay County District School Board Notes to Financial Statements

### NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	June 30, 2015	Additions	Deletions	June 30, 2016
Capital assets being depreciated				
Furniture, fixtures, and equipment	\$ 137,701	\$ 12,934	\$ -	\$ 150,635
Motor vehicles	16,367	-	-	16,367
Audio visual materials and computer software	54,408	-	-	54,408
Total capital assets being depreciated	208,476	12,934	-	221,410
Less accumulated depreciation				
Furniture, fixtures, and equipment	120,468	5,736	-	126,204
Motor vehicles	16,367	-	-	16,367
Audio visual materials and computer software	54,408	-	-	54,408
Total accumulated depreciation	191,243	5,736	-	196,979
Total capital assets being depreciated, net of accumulated depreciation	17,233	7,198	-	24,431
Capital assets, net	\$ 17,233	\$ 7,198	\$ -	\$ 24,431

Depreciation expense was charged to functions as follows:

Function	Amount
<b>Governmental Activities</b>	
Pupil transportation services	\$ 629,509
Operation of plant	48,091
Central services	147,489
Unallocated	25,362,742
<b>Total Governmental Activities</b>	<b>\$ 26,187,831</b>
<b>Business-type Activities</b>	
Beacon Learning Center	\$ 5,736

### NOTE 6 - OBLIGATIONS UNDER CAPITAL LEASE

During May of 2011, Bay County District School Board, entered into a capital lease for 29 modular classrooms. The payments began on June 10, 2011 with monthly payments due in the amount of \$27,428 for 60 months which includes interest of 2.88%. This obligation was paid off during the year ended June 30, 2016 and the related assets with a cost of \$1,529,907 and accumulated depreciation of \$367,942 were reclassified to improvements other than buildings.

## Bay County District School Board Notes to Financial Statements

### NOTE 6 - OBLIGATIONS UNDER CAPITAL LEASE (CONTINUED)

During December of 2011, Bay County District School Board, entered into a capital lease for computer software and hardware. The payments began on January 1, 2012 with monthly payments due in the amount of \$5,177 for 60 months which includes interest of 3.42%.

During March of 2012, Bay County District School Board, entered into a capital lease for computer software and hardware. The payments began August 2012 with annual payments due in the amount of \$105,159 for five years which includes interest of 2.42%.

During March of 2012, Bay County District School Board, entered into a capital lease for a phone system. The payments began March of 2012 with annual payments due in the amount of \$144,404 for five years which includes interest of 3.82%. This obligation was paid off during the current year and the related asset with a cost of \$669,934 and accumulated depreciation of \$669,934 was reclassified to furniture, fixtures, and equipment.

Future minimum installment purchase payments as of June 30 are as follows:

Amounts due for years ending June 30,	Total	Principal	Interest
2017	\$ 136,223	\$ 133,416	\$ 2,807
Total	\$ 136,223	\$ 133,416	\$ 2,807

The amount of assets acquired under the capital lease described above amounted to \$1,751,343 and are fully depreciated as of June 30, 2016.

### NOTE 7 - NOTES PAYABLE

Notes payable is comprised of the following:

	Balance at June 30, 2016
<b>Sales Tax Revenue Anticipation Notes, Series D</b>	
\$30,105,500, borrowed June 21, 2011, under provisions of Section 1011.14, Florida Statutes. Interest rate is 1.7 percent. Proceeds were used for renovations at Surfside Middle school, renovations at Callaway Elementary School, and technology upgrades at various schools. The note is secured by a pledge of the District's sales tax revenues. For the year ended June 30, 2016 principal and interest payments on the bonds were 31% of pledged revenues. The notes have been paid off as of June 30, 2016. Principal and interest paid for the current year and total pledged revenues were \$6,291,624 and \$20,131,724, respectively.	\$ 0

## Bay County District School Board Notes to Financial Statements

### NOTE 7 - NOTES PAYABLE (CONTINUED)

Balance at  
June 30, 2016

#### Sales Tax Revenue Anticipation Notes, Series 2013

\$25,115,000, borrowed March 26, 2013, under provisions of Section 1011.14, Florida Statutes. Interest rate is 1.5 percent. Proceeds were used for various construction and renovation projects included in the list of projects approved by the Half Cent Sales Tax Committee. The note is secured by a pledge of the District's sales tax revenues. For the year ended June 30, 2016 principal and interest payments on the notes were 7% of pledged revenues. The total principal and interest remaining to be paid on the notes is \$22,532,767. Principal and interest paid for the current year and total pledged revenues were \$1,455,635 and \$20,131,724, respectively.

Total notes payable	21,809,000
Less current portion	5,506,000
Notes payable – noncurrent portion	\$ 16,303,000

Amounts payable for the planned extended repayment of the Section 1011.14, Florida Statutes notes payable is as follows:

Year ending June 30,	Total	Principal	Interest
2017	\$ 5,798,613	\$ 5,506,000	\$ 292,613
2018	5,148,889	4,932,000	216,889
2019	5,149,489	5,007,000	142,489
2020	5,148,968	5,082,000	66,968
2021	1,286,808	1,282,000	4,808
Total	\$ 22,532,767	\$ 21,809,000	\$ 723,767

### NOTE 8 - BONDS PAYABLE

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

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
State school bonds:			
Series 2009A, refunding	\$ 70,000	4.0 - 5.0	2019
Series 2014B, refunding	1,446,000	2.0 - 5.0	2020
Total bonds payable	\$ 1,516,000		

## Bay County District School Board Notes to Financial Statements

### NOTE 8 - BONDS PAYABLE (CONTINUED)

The bonds were issued by the State Board of Education to finance capital outlay projects of the District. These bonds are issued on behalf of the District. The bonds mature serially, and are secured by a pledge of the District's portion of the State motor vehicle license tax. The State's full faith and credit is also pledged as security for these bonds. Principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

Current year principal and interest payments on the Series 2009A bonds are 6% of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$76,250. Principal and interest paid for the current year and total pledged revenues were \$40,250 and \$703,348, respectively.

Annual principal and interest payments on the Series 2014B bonds are 98% of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$1,561,530. Principal and interest paid for the current year and total pledged revenues were \$686,839 and \$703,348, respectively.

Annual maturities of the bonds outstanding as of June 30, 2016, are as follows:

Year ending June 30,	Total	Principal	Interest
2017	\$ 729,370	\$ 656,000	\$ 73,370
2018	727,570	687,000	40,570
2019	98,220	92,000	6,220
2020	82,620	81,000	1,620
Total	\$ 1,637,780	\$ 1,516,000	\$ 121,780

### NOTE 9 - CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement on November 1, 1994, which was characterized as a master lease-purchase agreement, with the Bay County Educational Facilities Finance Corporation (Corporation) whereby the District secured financing of various educational facilities in the total amount of \$23,715,000. The financing was accomplished through the issuance of Certificates of Participation, Series 1994 to be repaid from the proceeds of rents paid by the District.

On February 1, 1999, the District amended the above master lease-purchase agreement, whereby the District secured additional financing of educational facilities in the amount of \$41,500,000. The financing was accomplished through the issuance of Certificates of Participation, Series 1999, to be repaid from the proceeds of rents paid by the District. As noted below, the District issued Refunding Certificates of Participation Series 2010 to refund the outstanding Refunding Certificates of Participation, Series 1999.

**NOTE 9 - CERTIFICATES OF PARTICIPATION (CONTINUED)**

On July 1, 2004, the District again amended the master lease-purchase agreement, whereby the District secured additional financing of educational facilities in the amount of \$11,310,000. The financing was accomplished through the issuance of Certificates of Participation Series 2004 to be repaid from the proceeds of rents paid by the District. As noted below and in note 10 - Defeased Debt, the District issued Refunding Certificates of Participation Series 2013 to refund the outstanding Certificates of Participation Series 2004.

On April 1, 2007 the District amended the master lease-purchase agreement, whereby the District secured additional financing of educational facilities in the amount of \$49,330,000. The financing was accomplished through the issuance of Certificates of Participation, Series 2007, to be repaid from the proceeds of rents paid by the District. As noted below and in note 10 - Defeased Debt, the District issued Refunding Certificates of Participation, Series 2015, to refund the outstanding Certificates of Participation, Series 2007.

On July 16, 2010 the District amended the master lease-purchase agreement, whereby the District issued Refunding Certificates of Participation, Series 2010, in the amount of \$37,090,000 to refund the outstanding Refunding Certificates of Participation, Series 1999.

On July 25, 2013 the District amended the master lease-purchase agreement, whereby the District issued Refunding Certificates of Participation, Series 2013, in the amount of \$7,152,900 to refund the outstanding Refunding Certificates of Participation, Series 2004.

On March 18, 2015 the District amended the master lease-purchase agreement, whereby the District issued Refunding Certificates of Participation, Series 2015, in the amount of \$49,065,000 to refund the outstanding Refunding Certificates of Participation, Series 2007.

As a condition of these financing arrangements, the District has given a ground lease on District property to the Corporation, with a rental fee of \$10 per year. The initial term of the lease commenced on November 1, 1994, and ends on the earlier of (a) payment of the outstanding 1999 Certificates, 2004 Certificates, 2007 Certificates, and 2008 Certificates, or (b) June 30, 2034. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the certificates for a period of time specified by the arrangement which may be through June 30, 2034.

The District properties included in the ground lease under the master lease-purchase arrangement include properties at Patronis Elementary School, Lucille Moore Elementary School, Robert L. Young Service Center, J.R. Arnold High School, Emerald Bay Academy, New Horizons Learning Center, Breakfast Point Academy, and Deer Point Elementary School.

The Certificates of Participation Series 2007 include outstanding serial certificates maturing from 2012 through 2029. These payments are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 3.7 to 5.0 percent.

## Bay County District School Board Notes to Financial Statements

### NOTE 9 - CERTIFICATES OF PARTICIPATION (CONTINUED)

The Refunding Certificates of Participation, Series 2010, include outstanding serial certificates maturing from 2012 through 2023. These payments are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 2.25 to 4.50 percent.

The Refunding Certificates of Participation, Series 2013, include outstanding serial certificates maturing from 2014 through 2023. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 2.21 percent.

The Refunding Certificates of Participation, Series 2015, include outstanding serial certificates maturing from 2017 through 2029. These payments are payable by the District, semiannually, on July 1 and January 1 at an interest rate of 2.56 percent.

The following is a schedule of future minimum lease payments required under the master lease-purchase agreement as of June 30:

Year ending June 30,	Total	Principal	Interest
2017	\$ 7,636,077	\$ 5,279,700	\$ 2,356,377
2018	7,573,040	5,385,700	2,187,340
2019	7,567,773	5,549,400	2,018,373
2020	7,566,841	5,728,800	1,838,041
2021	7,568,254	5,925,500	1,642,754
2022-2026	35,902,725	30,700,100	5,202,625
2027-2029	21,558,432	20,500,000	1,058,432
<b>Total</b>	<b>\$ 95,373,142</b>	<b>\$ 79,069,200</b>	<b>\$ 16,303,942</b>

### NOTE 10 - DEFEASED DEBT

On March 18, 2015, the Board issued \$49,065,000 in Refunding Certificates of Participation, Series 2015, with an interest rate of 2.56 percent to refund the District's Refunding Certificates of Participation, Series 2007. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,579,305. This difference is reported as a deferred amount on refunding. The District completed the refunding to reduce its debt service payments over fifteen years by \$7,263,260 and obtain an economic gain of \$5,783,678. The net proceeds of \$48,764,305 (after payment of \$300,695 in attorney fees and other issuance costs) were deposited with the trustee. On July 2017, the District will call the Refunding Certificates of Participation, Series 2007, totaling \$44,185,000, at 100 percent.

On July 25, 2013, the Board issued \$7,152,900 in Refunding Certificates of Participation, Series 2013, with an interest rate of 2.21 percent to refund the District's Refunding Certificates of Participation,

## Bay County District School Board Notes to Financial Statements

### NOTE 10 - DEFEASED DEBT (CONTINUED)

Series 2004. The Certificates of Participation, Series 2004, were refunded to reduce its total debt service payments over the next 10 years by \$888,371 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$705,501. The net proceeds of \$7,077,463 (after payment of \$69,592 in attorney fees and other issuance costs) were deposited with the trustee. On July 2014, the District called the Refunding Certificates of Participation, Series 1999, totaling \$6,760,000, at 100 percent.

On December 2, 2014, the FDOE issued SBE Capital Outlay Bonds, Series 2014B. The refunding bonds were issued, in part, to refund callable portions of the SBE Capital Outlay Bonds, Series 2005B, maturing on or after January 1, 2015. The District's portion of the refunding SBE Capital Outlay Bonds, Series 2014B, was \$2,026,000. The refunding of the Series 2005B Bonds reduced the District's total debt service payments by \$214,006.

### NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due in One Year</b>
Obligations under capital leases	\$ 730,010	\$ -	\$ 596,594	\$ 133,416	\$ 133,416
Bonds payable	2,131,000	-	615,000	1,516,000	656,000
Notes payable	29,152,340	-	7,343,340	21,809,000	5,506,000
Certificates of participation payable	84,194,900	-	5,125,700	79,069,200	5,279,700
Estimated insurance claims payable	14,278,053	11,705,877	8,650,320	17,333,610	7,514,988
Compensated absences payable	10,020,282	1,719,298	1,618,876	10,120,704	2,024,141
Net pension liability	56,743,957	24,521,670	-	81,265,627	-
Other postemployment benefits payable	38,176	643,235	636,806	44,605	-
<b>Total governmental activities</b>	<b>\$ 197,288,718</b>	<b>\$ 38,590,080</b>	<b>\$ 24,586,636</b>	<b>\$ 211,292,162</b>	<b>\$ 21,114,245</b>

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due in One Year</b>
Compensated absences payable	\$ 98,045	\$ 46,739	\$ 4,600	\$ 140,184	\$ 28,037
Net pension liability	284,595	189,131	-	473,726	-
<b>Total business-type activities</b>	<b>\$ 382,640</b>	<b>\$ 235,870</b>	<b>\$ 4,600</b>	<b>\$ 613,910</b>	<b>\$ 28,037</b>

## Bay County District School Board Notes to Financial Statements

### NOTE 11 - CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

In the governmental activities, compensated absences, net pension liability, and other postemployment benefits are generally liquidated with resources of the general fund. Estimated insurance claims payable is generally liquidated with resources of the internal service fund.

### NOTE 12 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

June 30, 2016	Receivables	Payables
General	\$ 286,317	\$ 280
Local capital improvement	-	49,697
Beacon Learning Center	-	61,663
Nonmajor governmental	277	169,686
Internal service	-	5,268
<b>Total</b>	<b>\$ 286,594</b>	<b>\$ 286,594</b>

Interfund receivables and payables are primarily to reimburse the general fund for expenditures paid on behalf of other funds.

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

June 30, 2016	Transfers In	Transfers Out
General	\$ 2,014,246	\$ -
Local capital improvement	-	9,915,995
Other capital projects	-	7,747,050
Debt service	15,372,602	-
Nonmajor governmental	-	1,301,293
Internal services	1,577,490	-
<b>Total</b>	<b>\$ 18,964,338</b>	<b>\$ 18,964,338</b>

The interfund transfers are mainly to provide for debt repayments and to assist in financing maintenance operations of the District. Additionally, funds were transferred from capital projects – local capital improvement fund to the internal service fund for property and casualty insurance premiums.

## Bay County District School Board Notes to Financial Statements

### NOTE 13 - SCHEDULE OF STATE REVENUE SOURCES

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

Florida Education Finance Program	\$ 73,140,229
Categorical Educational Program - Class Size Reduction	30,219,402
Workforce Development Program	3,089,451
Voluntary prekindergarten	1,622,085
School recognition	1,865,373
Motor Vehicle License Tax (Capital Outlay and Debt Service)	703,348
Charter school capital outlay	763,972
Racing commission funds	211,083
Capital outlay and debt service distributed	245,994
Other miscellaneous	1,910,810
<b>Total</b>	<b>\$ 113,771,747</b>

### NOTE 14 - PROPERTY TAXES

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

	Millage Rate	Taxes Levied
General fund		
Nonvoted school tax		
Required local effort	4.959	\$ 77,760,637
Basic discretionary local effort	0.748	11,729,171
Capital projects funds		
Nonvoted tax		
Local capital improvements	1.2	18,816,851
<b>Total</b>	<b>6.907</b>	<b>\$ 108,306,659</b>

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

***General Information***

All of the District's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including FRS Pension Plan (Pension Plan) and the Retirees' Health Insurance Subsidy Pension Plan (HIS). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). See note 16 - defined contribution pension plan for additional information related to the Investment Plan. As a general rule, membership in FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The latest report may be obtained by contacting the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the web site at [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

***Florida Retirement System Pension Plan***

***Plan Description***

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

***Benefits Provided***

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least

**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. The final average compensation for all these members is based on the eight highest years of salary.

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

***Health Insurance Subsidy Plan***

***Plan Description***

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

## Bay County District School Board Notes to Financial Statements

### NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

#### ***Benefits Provided***

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include medicare. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

#### ***Contributions***

All enrolled members of FRS, other than DROP participants, are required to contribute three percent of their salary to FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS and HIS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. Generally membership is compulsory for all full-time and part-time employees. The rates, as a percentage of gross earnings, are as follows:

	July 1, 2015 through June 30, 2016	
	FRS	HIS
Regular employees	5.60%	1.66%
Elected district officers	40.61%	1.66%
DROP	11.22%	1.66%

The District's contributions, including employee contributions, totaled \$7,025,227 to FRS and \$2,043,679 to the HIS Plan for the fiscal year ended June 30, 2016. The District contributed 100% of its statutorily required contributions for the current and preceding three years.

#### ***Pension Liabilities and Pension Expense***

The District reports a liability for its proportionate share of net pension liabilities. Net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The District's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

## Bay County District School Board Notes to Financial Statements

### NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	FRS	HIS
Net pension liability	\$ 40,535,029	\$ 41,204,324
Proportion at:		
Current measurement date	0.313827488%	0.404026266%
Prior measurement date	0.317902372%	0.402468985%
Pension expense/(benefit)	\$ 183,536	\$ 33,439

#### *Deferred Outflows/Inflows of Resources Related to Pensions*

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to FRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (difference between expected and actual experience)	\$ 4,279,299	\$ 961,367
Effect of assumptions changes or inputs	2,690,445	-
Net difference between projected and actual investment earnings	-	9,679,087
Changes in proportion and differences between contributions and proportionate share of contributions	902,989	534,802
District contributions subsequent to the measurement date	7,025,227	-
<b>Total</b>	<b>\$ 14,897,960</b>	<b>\$ 11,175,256</b>

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to HIS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of assumptions changes or inputs	\$ 3,241,705	\$ -
Net difference between projected and actual investment earnings	22,305	-
Changes in proportion and differences between contributions and proportionate share of contributions	468,482	-
District contributions subsequent to the measurement date	2,043,679	-
<b>Total</b>	<b>\$ 5,776,171</b>	<b>\$ -</b>

## Bay County District School Board Notes to Financial Statements

### NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the District's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Measurement period ending June 30,	FRS Expense	HIS Expense
2016	\$ (3,097,542)	\$ 650,880
2017	(3,097,542)	650,880
2018	(3,097,542)	650,880
2019	4,888,007	646,346
2020	890,141	644,170
Thereafter	211,955	489,336
Totals	\$ (3,302,523)	\$ 3,732,492

#### **Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions.

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in actuarial assumptions occurred in 2015:

- FRS: No changes in key actuarial assumptions.
- HIS: The municipal rate used to determine total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

## Bay County District School Board Notes to Financial Statements

### NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)	Long-term Expected Real Rate of Return (Geometric)
Cash	1.0%	3.20%	3.10%
Fixed income	18.0%	4.80%	4.70%
Global equity	53.0%	8.50%	7.20%
Real estate (property)	10.0%	6.80%	6.20%
Private equity	6.0%	11.90%	8.20%
Strategic investments	12.0%	6.70%	6.10%
	<u>100.0%</u>		

#### ***Discount Rate***

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. 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 is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

#### ***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2016.

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%
\$ 105,035,428	\$ 40,535,029	\$ (13,139,897)	\$ 46,950,409	\$ 41,204,324	\$ 36,412,951

#### ***Pension plan fiduciary net position***

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer, is located in the Florida CAFR for the fiscal year ended June

## Bay County District School Board Notes to Financial Statements

### NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

30, 2015, and in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2015. The Florida CAFR is available on line at: <http://www.myfloridacfo.com/Division/AA/Reports/default.htm>.

The system's CAFR and the actuarial valuation reports as of July 1, 2015, are available online at: [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

#### *Payables to the Pension Plan*

At June 30, 2016, the District had no outstanding contributions to the Pension Plan or the HIS Plan required for the fiscal year ended June 30, 2016.

### NOTE 16 - DEFINED CONTRIBUTION PENSION PLAN

#### *Investment Plan*

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

	July 1, 2015 through June 30, 2016	
	FRS	HIS
Regular employees	5.60%	1.66%
Elected district officers	40.61%	1.66%
DROP	11.22%	1.66%

**NOTE 16 - DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$486,045 for the fiscal year ended June 30, 2016.

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PLAN**

**Plan Description**

The Other Postemployment 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 are eligible to participate in the District's health and hospitalization plan for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The Other Postemployment Benefits Plan does not issue a stand-alone report, and is not included in the report of a Public Employee Retirement System or another entity.

**Funding Policy**

Contribution requirements of the District and plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-

## Bay County District School Board Notes to Financial Statements

### NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2015-16 fiscal year, 258 retirees received other postemployment benefits. The District provided required contributions of \$636,806 toward the annual OPEB cost. Plan members receiving benefits contributed \$2,140,045. The approved rates per month for retiree plans are as follows:

	Blue Choice 117 & 317	BlueOptions 3900	BlueOptions HSA
Retiree only	\$ 678	\$ 464	\$ 450
Retiree & spouse	1,395	954	1,000
Retiree & child(ren)	993	679	773
Retiree/family	1,924	1,316	1,311

### Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the District's annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Description	Amount
Normal cost (service cost for one year)	\$ 369,337
Amortization of unfunded actuarial accrued liability	260,210
Interest on normal cost and amortization	14,009
Annual required contribution	643,556
Interest on net OPEB obligation	1,718
Adjustment to annual required contribution	(2,039)
Annual OPEB cost (expense)	643,235
Contributions toward the OPEB cost	(636,806)
Increase in net OPEB obligation	6,429
Net OPEB obligation, beginning of year	38,176
Net OPEB obligation, end of year	\$ 44,605

## Bay County District School Board Notes to Financial Statements

### NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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, and the two preceding years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013-2014	\$ 531,945	95.4%	\$ 24,322
2014-2015	557,011	97.5%	38,176
2015-2016	643,235	99.0%	44,605

#### Funded Status and Funding Progress

As of July 1, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$5,436,887, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$5,436,887 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$90,009,646 for the 2015-2016 actuarial accrued liability to the covered payroll was 6.04 percent.

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 healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

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

The District's OPEB actuarial valuation as of July 1, 2016, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2016, and the District's 2015-2016 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions do not include an assumed rate of return on invested assets. The actuarial assumptions include a 4.5 percent discount rate. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 6 percent initially beginning in the first year of the valuation

## Bay County District School Board Notes to Financial Statements

### NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

reduced uniformly to an ultimate rate of 5 percent over a two year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016 was 21 years.

### NOTE 18 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

**Encumbrances** - Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered. The following schedule is of all encumbrances at year end. The amount shown as encumbered on the financial statements is less because if funds are already restricted they are not considered encumbered.

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

General	Local Capital Improvement	Capital Projects - Other	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,251,218	\$ 2,312,026	\$ 2,365,454	\$ 617,647	\$ 6,546,345

Construction contracts – encumbrances include the following construction contract commitments June 30, 2016:

Project	Contract Amount	Completed to Date	Balance Committed
<b>Arnold High School</b>			
Architect	\$ 74,790	\$ 63,790	\$ 11,000
Contractor	442,075	293,799	148,276
Architect	28,263	23,764	4,499
<b>Bay High School</b>			
Architect	16,000	12,000	4,000
Contractor	200,284	-	200,284
<b>Bozeman</b>			
Architect	28,263	23,764	4,499
<b>Cedar Grove</b>			
Architect	253,067	190,054	63,013
Contractor	2,655,705	2,639,271	16,434
<b>Cherry Street Elementary</b>			
Architect	7,920	5,559	2,361
Architect	11,402	9,073	2,329
Contractor	111,727	21,333	90,394

## Bay County District School Board Notes to Financial Statements

### NOTE 18 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (CONTINUED)

Project	Contract Amount	Completed to Date	Balance Committed
<b>Deer Point Elementary</b>			
Architect	\$ 10,400	\$ 8,830	\$ 1,570
Contractor	81,800	-	81,800
<b>Haney</b>			
Architect	9,840	7,872	1,968
Contractor	66,036	45,900	20,136
Architect	12,250	12,005	245
Architect	31,500	25,200	6,300
Contractor	296,735	223,455	73,280
Architect	103,574	93,305	10,269
Contractor	1,052,697	927,185	125,512
<b>Hiland Park Elementary</b>			
Contractor	152,980	-	152,980
<b>Lynn Haven</b>			
Contractor	7,920	5,559	2,361
<b>M K Lewis Center</b>			
Architect	13,355	10,737	2,618
Contractor	161,470	21,987	139,483
Architect	3,491	3,145	346
<b>Northside Elementary</b>			
Architect	6,881	5,528	1,353
Contractor	73,614	10,024	63,590
<b>Oakland Terrace</b>			
Contractor	8,138	7,978	160
<b>Parker</b>			
Architect	945	736	209
Contractor	9,729	1,325	8,404
<b>Patronis</b>			
Contractor	8,138	7,978	160
<b>Patterson</b>			
Architect	6,671	5,365	1,306
Contractor	47,970	6,532	41,438
<b>Springfield Elementary</b>			
Architect	20,500	16,400	4,100
Contractor	214,244	73,334	140,910
<b>St. Andrews</b>			
Architect	7,920	5,559	2,361

## Bay County District School Board Notes to Financial Statements

### NOTE 18 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (CONTINUED)

Project	Contract Amount	Completed to Date	Balance Committed
<b>Tommy Smith</b>			
Architect	\$ 1,680	\$ 1,308	\$ 372
<b>Tyndall Elementary</b>			
Architect	9,310	8,387	923
Architect	39,800	31,840	7,960
Contractor	368,453	54,291	314,162
Architect	45,231	45,101	130
Contractor	480,200	468,288	11,912
<b>West Bay Elementary</b>			
Architect	13,500	12,275	1,225
<b>Total</b>	<b>\$ 7,196,468</b>	<b>\$ 5,429,836</b>	<b>\$ 1,766,632</b>

### NOTE 19 - RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

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

#### General and Workers' Compensation Claims

A liability in the amount of \$15,019,325 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2016 related to general and workers' compensation claims. The loss estimates include legal and certain other expenses associated with claims settlements (allocated loss adjustment expenses). These estimates do not include provisions for unallocated loss adjustment expenses, such as fees for the claim administrators or other miscellaneous costs associated with claims settlements. Liabilities for unpaid workers' compensation claims and claims adjustment expenses were discounted and reported at their present value using an investment yield rate of 4 percent.

## Bay County District School Board Notes to Financial Statements

### NOTE 19 - RISK MANAGEMENT PROGRAMS (CONTINUED)

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

Fiscal Year		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments		Balance at Fiscal Year End
2013-2014	\$	14,347,818	4,122,336	\$ (4,058,632)	\$	14,411,522
2014-2015		14,411,522	2,935,108	(3,068,577)		14,278,053
2015-2016		14,278,053	4,150,285	(3,409,013)		15,019,325

#### Health Insurance Claims

Health prescription drug coverage is being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

Effective January 1, 2016, the District became partially self-insured with respect to employee health insurance coverage. The plan covers all eligible active and retired employees and their dependents. Blue Cross Blue Shield of Florida provides claims processing and administrative services for the plan.

Health benefits were self-insured up to a specific stop loss amount of \$150,000 per participant and a maximum aggregate benefit of \$1,000,000. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount.

The District's insurance consultant established monthly premiums based upon the District's historical claims history. A portion of the monthly premium is paid to Blue Cross Blue Shield of Florida for claims processing and administrative services as well as the stop loss insurance. The balance of the premium is deposited to an internal service fund. As of June 30, 2016, the claims liability of \$2,000,000 was reported as accounts payable in the Health Insurance Internal Service Fund. This liability is based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Monthly invoices are submitted by Blue Cross Blue Shield of Florida representing claims paid on the District's behalf. The invoices are paid from the claims account previously referenced. The balance in the claims liability account at year end represents claims incurred prior to year end and paid subsequent to June 30, 2016. Each fund and department reports the premium costs related to its employees while the actual claims, cash and liability accounts are reported in the internal service fund. No actuarial estimate has been utilized to establish the claims reserve at fiscal year end.



## Bay County District School Board Notes to Financial Statements

### NOTE 19 - RISK MANAGEMENT PROGRAMS (CONTINUED)

Funding for health insurance premiums is derived from three sources:

- City contribution for active employees
- Active employee contributions for dependent coverage
- Retired employee contributions

Changes in reported liabilities for the fiscal year ended June 30, 2016 are summarized as follows:

Claims liability as of January 1, 2016	\$	-
Claims and changes in estimate during the fiscal year		7,555,592
Claims paid		(5,241,307)
Claims liability as of June 30, 2016	\$	2,314,285

## **Required Supplementary Information**

**Bay County District School Board**  
**Required Supplementary Information**  
**June 30, 2016**

**Schedule of Funding Progress for the Retirees' Health Insurance Other Postemployment Benefits Plan:**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$ 0	\$ 5,440,590	\$ 5,440,590	0.0%	\$ 85,435,020	6.37%
June 30, 2014	0	4,809,944	4,809,944	0.0%	85,033,475	5.66%
June 30, 2016	0	5,436,887	5,436,887	0.0%	90,009,646	6.04%

**Schedule of Employer Contributions for the Retirees' Health Insurance Other Postemployment Benefits Plan:**

Fiscal Year Ended June 30,	Total Contribution	Annual OPEB Cost	Percentage Contributed
2014	\$ 507,623	\$ 531,945	95.43%
2015	543,157	557,011	97.51%
2016	636,806	643,235	99.00%

See Independent Auditor's Report.

**Bay County District School Board**  
**Schedule of the District's Proportionate Share of the Net Pension Liability –**  
**Florida Retirement System**  
**June 30, 2016**

<b>June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>	<b>2008 *</b>	<b>2007 *</b>	<b>2006 *</b>
District's proportion of the net pension liability/(asset)	0.3138275%	0.3179024%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability/(asset)	\$ 40,535,029	\$ 19,396,720	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	108,811,517	106,460,773	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	37.25%	18.22%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2006 through 2013 are N/A because comparable information is not available at this time.

See Independent Auditor's Report.

**Bay County District School Board**  
**Schedule of the District's Contributions – Florida Retirement System**  
**Year ended June 30, 2016**

<b>June 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>	<b>2008 *</b>	<b>2007 *</b>
Contractually required contribution	\$ 7,025,227	\$ 7,651,381	\$ 6,963,411	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(7,025,227)	(7,651,381)	(6,963,411)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Contribution deficiency/(excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
District's covered-employee payroll	\$ 108,386,130	\$ 108,811,517	\$ 106,460,773							
Contributions as a percentage of covered-employee payroll	6.48%	7.03%	6.54%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2007 through 2013 are N/A because comparable information is not available at this time.

See Independent Auditor's Report.

**Bay County District School Board**  
**Schedule of the District's Proportionate Share of the Net Pension**  
**Liability – Health Insurance Subsidy Program**  
**June 30, 2016**

<b>June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>	<b>2008 *</b>	<b>2007 *</b>	<b>2006 *</b>
District's proportion of the net pension liability/(asset)	0.4040263%	0.4024690%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability/(asset)	\$ 41,204,324	\$ 37,631,832	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	108,811,517	106,460,773	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	37.87%	35.35%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2006 through 2013 are N/A because comparable information is not available at this time.

See Independent Auditor's Report.

**Bay County District School Board**  
**Schedule of the District's Contributions – Health**  
**Insurance Subsidy Program**  
**Year ended June 30, 2016**

<b>June 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>	<b>2008 *</b>	<b>2007 *</b>
Contractually required contribution	\$ 2,043,679	\$ 1,544,440	\$ 1,378,723	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(2,043,679)	(1,544,440)	(1,378,723)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 108,386,130	\$ 108,811,517	\$ 106,460,773							
Contributions as a percentage of covered-employee payroll	1.89%	1.42%	1.30%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2007 through 2013 are N/A because comparable information is not available at this time.

See Independent Auditor's Report.

## **Combining Statements**

**Bay County District School Board**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	SBE/COBI Bonds Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Food Service Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 36,983	\$ -	\$ 36,171	\$ 3,868,059
Due from other agencies	-	-	6,528	198,863
Due from other funds	-	-	-	-
Inventories	-	-	-	41,274
Total assets	\$ 36,983	\$ -	\$ 42,699	\$ 4,108,196
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 16,724
Accrued expenses	-	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	-	-	-	3,227
Unearned revenue	-	-	6,528	33,396
Total liabilities	-	-	6,528	53,347
<b>Fund balance</b>				
Nonspendable				
Inventories	-	-	-	41,274
Restricted				
Food service	-	-	-	4,013,575
Debt service	36,983	-	-	-
Capital projects	-	-	36,171	-
Total fund balances	36,983	-	36,171	4,054,849
Total liabilities and fund balances	\$ 36,983	\$ -	\$ 42,699	\$ 4,108,196

(Continued)

See Independent Auditor's Report.

**Bay County District School Board**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2016**

	Special Revenue - Federal Economic Stimulus Fund	Other Federal Programs Fund	Total Other Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 125,740	\$ 4,066,953
Due from other agencies	-	130,433	335,824
Due from other funds	-	277	277
Inventories	-	-	41,274
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 256,450</b>	<b>\$ 4,444,328</b>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 61,399	\$ 78,123
Accrued expenses	-	20,362	20,362
Due to other agencies	-	8,230	8,230
Due to other funds	-	166,459	169,686
Unearned revenue	-	-	39,924
<b>Total liabilities</b>	<b>-</b>	<b>256,450</b>	<b>316,325</b>
<b>Fund balance</b>			
Nonspendable			
Inventories	-	-	41,274
Restricted			
Food service	-	-	4,013,575
Debt service	-	-	36,983
Capital projects	-	-	36,171
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>4,128,003</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 256,450</b>	<b>\$ 4,444,328</b>

See Independent Auditor's Report.

**Bay County District School Board**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year ended June 30, 2016**

	<b>SBE/COBI Bonds Fund</b>	<b>Public Education Capital Outlay Fund</b>	<b>Capital Outlay and Debt Service Fund</b>	<b>Food Service Fund</b>
<b>Revenues</b>				
Intergovernmental				
Federal direct	\$ -	\$ -	\$ -	\$ -
Federal through State and Local	-	-	-	8,553,273
State	703,482	1,301,293	248,928	125,669
Local				
Charges for services	-	-	-	1,671,549
Interest income	-	-	-	11,307
Miscellaneous	-	-	-	124,269
<b>Total revenues</b>	<b>703,482</b>	<b>1,301,293</b>	<b>248,928</b>	<b>10,486,067</b>
<b>Expenditures</b>				
Current - education				
Instructional services	-	-	-	-
Pupil services	-	-	-	-
Instructional media services	-	-	-	-
Instructional and curriculum development services	-	-	-	-
Instructional staff training services	-	-	-	-
Instruction related technology	-	-	-	-
General administrative services	-	-	-	-
School administrative services	-	-	-	-
Food services	-	-	-	9,413,167
Central services	-	-	-	-
Pupil transportation services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	332,379	21,866
Debt service				
Principal	615,000	-	-	-
Interest and fiscal charges	112,308	-	708	-
<b>Total expenditures</b>	<b>727,308</b>	<b>-</b>	<b>333,087</b>	<b>9,435,033</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(23,826)</b>	<b>1,301,293</b>	<b>(84,159)</b>	<b>1,051,034</b>
<b>Other financing uses</b>				
Transfers out	-	(1,301,293)	-	-
<b>Total other financing uses</b>	<b>-</b>	<b>(1,301,293)</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>(23,826)</b>	<b>-</b>	<b>(84,159)</b>	<b>1,051,034</b>
<b>Fund balances - beginning</b>	<b>60,809</b>	<b>-</b>	<b>120,330</b>	<b>3,003,815</b>
<b>Fund balances - ending</b>	<b>\$ 36,983</b>	<b>\$ -</b>	<b>\$ 36,171</b>	<b>\$ 4,054,849</b>

(Continued)

See Independent Auditor's Report.

**Bay County District School Board**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
**Year ended June 30, 2016**

	Special Revenue - Federal Economic Stimulus Fund	Other Federal Programs Fund	Total Other Governmental Funds
<b>Revenues</b>			
Intergovernmental			
Federal direct	\$ -	\$ 1,278,699	\$ 1,278,699
Federal through State and Local	17,969	15,427,519	23,998,761
State	-	-	2,379,372
Local			
Charges for services	-	-	1,671,549
Interest income	-	-	11,307
Miscellaneous	-	-	124,269
Total revenues	17,969	16,706,218	29,463,957
<b>Expenditures</b>			
Current - education			
Instructional services	-	8,133,233	8,133,233
Pupil services	-	1,764,813	1,764,813
Instructional media services	-	31,312	31,312
Instructional and curriculum development services	-	2,253,248	2,253,248
Instructional staff training services	12,150	2,315,071	2,327,221
Instruction related technology	5,819	87,820	93,639
General administrative services	-	568,455	568,455
School administrative services	-	89,062	89,062
Food services	-	-	9,413,167
Central services	-	8,185	8,185
Pupil transportation services	-	16,180	16,180
Community services	-	1,278,699	1,278,699
Capital outlay	-	160,140	514,385
Debt service			
Principal	-	-	615,000
Interest and fiscal charges	-	-	113,016
Total expenditures	17,969	16,706,218	27,219,615
<b>Excess (deficit) of revenues over (under) expenditures</b>	-	-	2,244,342
<b>Other financing uses</b>			
Transfers out	-	-	(1,301,293)
Total other financing uses	-	-	(1,301,293)
<b>Net changes in fund balances</b>	-	-	943,049
<b>Fund balances - beginning</b>	-	-	3,184,954
<b>Fund balances - ending</b>	\$ -	\$ -	\$ 4,128,003

See Independent Auditor's Report.

## **Compliance Section**

## INDEPENDENT ACCOUNTANT'S REPORT

Honorable Superintendent and members  
of the Bay County District School Board  
Panama City, Florida

We have examined the Bay County District School Board's (District) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended June 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 17, 2017

## **INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

Honorable Superintendent and members  
of the Bay County District School Board  
Panama City, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Bay County District School Board (District), as of and for the year ended June 30, 2016, and have issued our report thereon dated March 17, 2017.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.800, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report in accordance with Chapter 10.800, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 17, 2017, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Financial Condition**

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

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

### **Transparency**

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

### **Other Matters**

Section 10.804(1)(f)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

### **Purpose of this Letter**

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

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 17, 2017

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

Honorable Superintendent and members  
of the Bay County District School Board  
Panama City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bay County District School Board (District), as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 17, 2017.

**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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants

Panama City Beach, Florida

March 17, 2017

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

Honorable Superintendent and members  
of the Bay County District School Board  
Panama City, Florida

### **Report on Compliance for Each Major Federal Program**

We have audited the Bay County District School Board's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

## Report on Internal Control Over Compliance

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

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

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

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

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
March 17, 2017

**Bay County District School Board**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2016**

<b>Federal Awards Programs</b>	<b>CFDA No.</b>	<b>Contract/ Grant Number</b>	<b>Expenditures</b>
U. S. Department of Agriculture			
Indirect			
Child Nutrition Cluster			
Passed through the Florida Department of Agriculture and Consumer Services			
School Breakfast Program	10.553	321	\$ 1,538,643
National School Lunch Program	10.555	300, 350	5,748,424
National School Lunch Program	10.555 (2)(A)	N/A	739,745
Summer Food Service Program for Children	10.559	323, 325	161,444
Total Child Nutrition Cluster			8,188,256
Passed through the Florida Department of Agriculture and Consumer Services			
Child Care Food Program	10.558	N/A	347,117
USDA - Fresh Fruits and Vegetables Program	10.582	N/A	17,900
Total U.S. Department of Agriculture			8,553,273
U.S. Department of Education			
Direct			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	N/A	1,278,699
Total Student Financial Assistance Cluster			1,278,699
Impact Aid	84.041	N/A	391,318
Total Direct			1,670,017
Indirect			
Passed through the Florida Department of Education			
Special Education Cluster			
Special Education - Grants to States	84.027	263	6,107,289
Special Education - Preschool Grants	84.173	267	225,146
Total Special Education Cluster			6,332,435
Adult Education - Basic Grants to States	84.002	191	289,581
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	6,944,070
Career and Technical Education - Basic Grants to States	84.048	161	432,779
Education for Homeless Children and Youth	84.196	127	79,886
English Language Acquisition Grants	84.365	102	104,222
Improving Teacher Quality State Grants	84.367	224	1,244,544
ARRA - Race to the Top	84.395	111	17,969
Total Indirect			15,445,486
Total U.S. Department of Education			17,115,503

(Continued)

See Independent Auditor's Report.

**Bay County District School Board**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year ended June 30, 2016**

Federal Awards Programs	CFDA No.	Contract/ Grant Number	Expenditures
U.S. Department of Health and Human Services Indirect Passed through the Florida Department of Children and Families Block Grants for Prevention and Treatment of Substance Abuse	93.959	BDZ02	\$ 150,000
Total U.S. Department of Health and Human Services			150,000
U.S. Department of Homeland Security Indirect Passed through Florida Department of Education Homeland Security Grant Program	97.067	532	194,678
Total U.S. Department of Homeland Security			194,678
U.S. Department of Defense Direct Marine Corps Junior Reserve Officers Training Corps	None	N/A	52,573
Navy Junior Reserve Officers Training Corps	None	N/A	62,989
Air Force Junior Reserve Officers Training Corps	None	N/A	130,743
Total U.S. Department of Defense			246,305
Total expenditures of federal awards			\$ 26,259,759

Notes to Schedule of Expenditures of Federal Awards:

(1) Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Bay County District School Board under programs of the Federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

(2) Summary of Significant Accounting Policies: Expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate: The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

(4) Noncash Assistance: National School Lunch Program - Includes \$739,745 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation. Cash received in lieu of donated foods of \$26,422 is included in this amount.

(5) Impact Aid: Includes expenditures related to grant number/program 19-FL-2013-0003 of 20,670; 19-FL-2014-0003 of \$34,747; and 19-FL-2016-0003 of \$335,901.

See Independent Auditor's Report.

# Bay County District School Board

## Schedule of Findings and Questioned Costs

### Year ended June 30, 2016

#### Section I – Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

##### Federal Awards

Internal control over major programs

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

##### Identification of major federal programs

###### CFDA Number

###### Name of Federal Award

###### U.S. Department of Education

84.027	Special Education - Grants to States (Special Education Cluster)
84.173	Special Education - Preschool Grants (Special Education Cluster)
84.041	Impact Aid
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$787,793

Auditee qualified as low-risk auditee? ☐ yes ☒ no

(Continued)



**Bay County District School Board**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year ended June 30, 2016**

**Section II – Financial Statement Findings**

There were no findings.

**Section III – Federal Awards Findings and Questioned Costs**

There were no findings.

**Section IV – Summary Schedule of Prior Audit Findings**

There were no prior year findings.



## County Commission endorses 11 Triumph hopefuls

By **JOHN HENDERSON**

**News Herald Reporter**

Posted Jan 3, 2018 at 5:43 PM

Updated Jan 5, 2018 at 2:45 PM

PANAMA CITY — The Bay County Commission on Tuesday recommended 11 projects for funding from the first round of the Triumph Gulf Coast oil spill funds.

The list includes requests to pay for workforce training programs, infrastructure to reel in new airport companies, an expansion of the port and proposed sports park on the beach, a vessel manufacturing facility at Eastern Shipbuilding and a new FSU Aging Research Center.

The commission picked its favorites out of a list of 25 “pre-applications” that were submitted requesting funding for the first \$300 million in the Triumph Gulf Coast oil spill damages. The program is designed to help the area rebound economically from the 2010 spill.

The total requests this year for the 11 pre-applications endorsed by the commission adds up to more than \$125 million, but commissioners pointed out that the Triumph Gulf Coast board would decide how much is doled out, if anything, for each project.

Commissioners are only recommending their preferences to the Triumph Gulf Coast board, a nonprofit organization whose members were appointed by state officials.

“They are the ones who are going to be making the final decision,” Commissioner Robert Carroll said. “But we do need to back projects that we believe have the best chance of getting funded.”

Commissioner Philip “Griff” Griffiths pointed out that the Triumph board in the past week has hired its administrator, Cori Henderson.

“I kind of liken it to, ‘She’s the loan officer, and these people are making loans,’ ” he said. “And she is either going to tell them, ‘No, yes, or I need more information.’ ”

Griffiths said the commission can come up with its own list of recommended projects, but the Triumph staff and board might or might not go along with it.

“We’ll bless our list but she might choose something we didn’t bless,” he said. “We just don’t know how she will react and we don’t know how the seven (Triumph) board members will as well.”

Also Wednesday, commissioners:

— Listened as Commissioner Guy Tunnell announced he won’t be running again for the commission seat he has held for two terms. After more than 40 years in public service, including 16 as Bay County’s sheriff, Tunnell said it’s time for him to retire. Commissioners praised Tunnell and the audience gave him a standing ovation.

— Approved an agreement with the Florida Department of Transportation for the design and construction of a southbound right turn lane at County 389 and U.S. 231, and a westbound turn lane at County 389 and State 77. Bay County is paying \$602,316, half of the project cost, with the funds coming from the half-cent sales tax voters approved in November.

### **WHO MADE THE CUT?**

The commission recommended that the Triumph board fund these requests:

— \$15.6 million for a new 7,500-foot crosswind runway at Northwest Florida Beaches International Airport to increase landing capacity and runway ability.

— \$7 million for infrastructure improvements to bring in “Project Bluestar,” an aircraft manufacturing maintenance and overhaul company for large commercial aircraft at Northwest Florida Beaches International Airport. The project would generate more than 65 jobs over the first two years of operation, with more in the future and a possible relocation of the company headquarters to Bay County, its application states.

— \$20 million to Eastern Shipbuilding to help fund a manufacturing project of Coast Guard patrol cutters. The application states that the University of West Florida’s Haas Center estimates that the initial contract will directly and indirectly support over 10,000 full- and part-time workers from 2016 to 2024.

— \$3.4 million for infrastructure improvements to bring in “Project SoHo,” an aviation parts supplier interested in locating in Venture Crossings at Northwest Florida Beaches International Airport. The business would generate 105 new jobs over the first six years.

- \$20 million to the Panama City Beach Convention and Visitors Bureau to add an indoor facility to the proposed Beach Sports Park. The 109,000-square-foot indoor athletic facility would house eight basketball courts or 16 volleyball courts, team meeting rooms, locker rooms and training/physical therapy rooms.
  - \$10 million to the Panama City Port Authority to assist in the first phase development of the port's new East Terminal. The \$10 million in Triumph funds would enable the port to complete the planned improvements with enough left over to for the channel deepening and berth dredging.
  - \$20 million for a Science, Technology, Engineering and Math Training Center to be constructed at Bay High School. The first floor would be dedicated to workforce training education that showcases a technical training area.
  - \$965,000 to add a welding workforce training lab at Rutherford High School. The lab would help train students for jobs in local industries in need of welders, such as Eastern Shipbuilding, the application states.
  - \$584,000 to add a pipefitter training program Tom P. Haney Technical Center. "Pipefitting is a regional construction field with a critical need for skilled workers at large companies," the application states.
  - \$5 million to fund a new FSU-Panhandle Aging Research Center. The center would be operated within a new community being planned by the St. Joe company at the intersection of the west side of State 79 and the Intercoastal Waterway. It will be housed in a 90,000-square-foot facility that would employ 18 faculty members and create 130 jobs, the application states.
  - \$25.6 million to Gulf Coast State College for an Advanced Manufacturing Innovation Institute. The institute will integrate the work of current and developing Advanced manufacturing partners – partners who make extensive use of computerized and highly automated, high-precision technologies and techniques, the application states.
- The commission did not endorse these Triumph applications:
- \$4.5 million for an Environmental Sciences Center.
  - \$10 million for Triumph Pre-K Academy.
  - \$1.8 million to Lynn Haven to pay for its own Emergency Operations Center.
  - \$15.8 million to Lynn Haven to expand the Lynn Haven Sports Complex.

- \$80 million to Pumpout USA, a long-time DeFuniak Springs company that removes sewage from boats instead of the owners disposing it into the water.
- \$5 million from B&C Technologies, a company that designs and distributes laundry equipment and parts for the laundry industry, to expand its business.
- \$40,000 from the Bay Youth Summer Work foundation, a nonprofit community service organization, to support summer work programs.
- \$7.1 million for Mexico Beach to build a new pier to replace the one at 37th Street.
- \$100,000 to Base IT Inc., a nonprofit corporation, to assist high school and college students in pursuing a career in science, technology engineering and math.
- \$3.6 million for an office building complex in Lynn Haven that will offer free or low-rent office space for start-up companies.
- \$4.1 million to build and operate warehouse spaces in Lynn Haven that will offer companies free or low-cost rent.
- \$10 million for infrastructure improvements for the former Air Force fuel depot site in Lynn Haven. Marina Island, LLC plans to develop 243 acres into a seaside-type village resort.
- A request for a yet-to-be-determined dollar amount for Bay Defense Initiative to create an educational program to promote innovation, technology, defense, entrepreneurship and STEM education from kindergarten.
- \$584,743 over three years for The Arc of the Bay to develop a culinary employment training program.

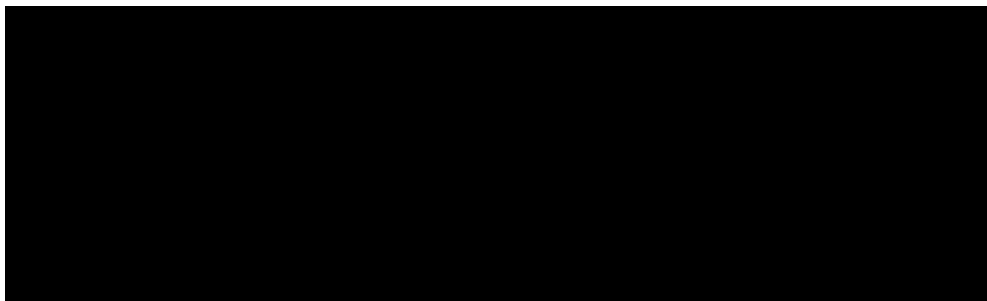
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# BAY DISTRICT SCHOOL BOARD Regular Board Meeting Schedule

**December, 2017 - November, 2018**

<b>Board Meeting Date</b>	<b>Agenda items due electronically by 4:30 p.m.</b>	<b>Agenda Meeting @3:00 p.m. 2nd floor conference room</b>	<b>48 hour back-up documentation for agenda items due by 9:00 a.m.</b>
December 12, 2017	November 30, 2017	December 4, 2017	December 7, 2017
January 9, 2018	December 14, 2017	January 3, 2018	January 4, 2018
January 23, 2018	January 11, 2018	N/A	January 18, 2018
February 13, 2018	February 1, 2018	February 5, 2018	February 8, 2018
February 27, 2018	February 15, 2018	N/A	February 22, 2018
March 13, 2018	March 1, 2018	March 5, 2018	March 8, 2018
March 27, 2018	March 14, 2018	N/A	March 15, 2018
April 10, 2018	March 29, 2018	April 2, 2018	April 5, 2018
April 24, 2018	April 12, 2018	N/A	April 19, 2018
May 8, 2018	April 26, 2018	April 30, 2018	May 3, 2018
May 22, 2018	May 10, 2018	N/A	May 17, 2018
June 12, 2018	May 31, 2018	June 4, 2018	June 7, 2018
June 26, 2018	June 14, 2018	N/A	June 21, 2018
July 10, 2018	June 21, 2018	June 25, 2018	June 28, 2018
July 24, 2018	July 12, 2018	N/A	July 19, 2018
August 14, 2018	August 2, 2018	August 6, 2018	August 9, 2018
August 28, 2018	August 16, 2018	N/A	August 23, 2018
September 11, 2018	August 30, 2018	September 4, 2018	September 6, 2018
September 25, 2018	September 13, 2018	N/A	September 20, 2018
October 9, 2018	September 27, 2018	October 1, 2018	October 4, 2018
October 23, 2018	October 11, 2018	N/A	October 18, 2018
November 13, 2018	November 1, 2018	November 5, 2018	November 8, 2018
November 27, 2018 Organizational Meeting (1:00 P.M.)	N/A	N/A	N/A

## Regular Board Meetings - Second Tuesday of Each Month

Board Meetings begin at 1:00 P.M. & Expulsion Hearings - Time TBA

\*Second Monthly Board Meeting - Fourth Tuesday of Each Month (if needed) -  
Board Meetings begin at 1:00 P.M.



BAY DISTRICT SCHOOLS  
SCHOOL BOARD POLICY MANUAL

**William V. Husfelt, III**

**Superintendent**

**Board Members**

**Jerry Register, District 1**  
**Ginger Littleton, District 2**  
**Joe Wayne Walker, District 3**  
**Ryan Neves, District 4**  
**Steve Moss, District 5**

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# CHAPTER ONE THE DISTRICT SCHOOL BOARD

## PART ONE RULES OF PROCEDURE

### ORGANIZATION OF THE BAY COUNTY SCHOOL SYSTEM

1.101

Agency Head. The District School Board is the Agency Head for the Bay County School System. Members of the Board are elected for four year terms at the general election held in November of even numbered years, pursuant to Sections 1001.34, 1001.35, 1001.36, Florida Statutes. The general duties and responsibilities of the School Board are as stated in these rules and in Section 1001.42, Florida Statutes.

Description of Organization and Operation. The Bay County School System is organized as illustrated in the chart at the conclusion of this rule.

General Information.

Office Hours. The District office for the school system shall be open to the public from 7:30 A.M. to 4:30 P.M. Monday through Friday of each week, except for authorized holidays. The work week and daily schedule may be adjusted during the summer months when school is not in session.

Public Information and Inspection of Records.

All records made public by law shall be made available for inspection or copying, or both, at reasonable times during normal office hours of the district office or other office or school in which the records are maintained.

Photocopying of any record will be performed upon request of any person based upon the following charges which are computed as covering the actual cost of materials and supplies: \$.15 for each copy of each page; actual cost of postage if materials are to be mailed.

If the nature or volume of public records requested to be inspected, examined, or copied is such as to require extensive use of information technology resources, or extensive clerical or supervisory assistance by personnel of the District, or both, the District may charge a reasonable special service charge, which shall be *in addition to* the duplication charge, pursuant to Fla. Stat. § 119.07(1)(b).

(a) The term "extensive use" means any time longer than 15 minutes needed to complete all tasks defined in subparagraphs (i) and (ii) below:

- i. The term "extensive use of *clerical or supervisory assistance*" includes longer than 15 minutes of locating and retrieving of records; reviewing records for statutorily exempt information; preparing records for inspection or copying by redacting or excising exempt or confidential information from records prior to review or copying; monitoring of the inspection or copying of records when necessary to ensure the integrity of the records; and instructing, or supervising personnel in performing the foregoing tasks when responding to a particular public records request.
- ii. The term "extensive use of *information technology resources*" includes longer than 15 minutes of writing or executing software commands or setting up information technology resources. Under Fla. Stat. § 119.07(1)(b), the term shall include data processing hardware, software, or services; and/or communications, supplies, personnel, facility resources,

## CHAPTER ONE THE DISTRICT SCHOOL BOARD

maintenance, and technology training required to fulfill a given public records request. The term does not include videotapes or VCRs.

- (b) The special service charge for "extensive use" may be based on either *or both* of the following, as applicable:
- i. the cost incurred for extensive use of information technology resources; and/or
  - ii. the labor cost actually incurred by, or attributable to, the District for clerical or supervisory assistance of the personnel providing the service.

When a special service charge is based, in whole or in part, on labor costs the charge will be based on the current hourly rate of pay (including benefits) of the personnel whose time contributes to the "extensive use" of clerical or supervisory assistance required to fulfill the records request. When the "extensive use" consists of tasks that should be performed by an attorney, law clerk, or paralegal, such as reviewing materials for exemptions and confidential information requiring redaction, the District may reasonably charge the attorney's or law clerk's/paralegal's hourly salary (excluding benefits).

Prior to the duplication of any public record, the District shall notify the requester of the estimated cost. Prior to the assessment of any special service charge, the District shall notify the requester if the information does not appear to be readily identifiable, possibly does not exist, or will require additional time to review and copy. Upon agreement by the requester and payment of estimated charges, if any, the District will proceed to complete the request.

- (a) Of the monies deposited with the District for fulfillment of a public records request, those in excess of the actual costs incurred to fulfill the request will be refunded to the requester; or, in the alternative, the requester shall be required to remit additional monies to pay for any costs in excess of the monies deposited with the District.
- i. In the event the requester fails to remit additional monies to cover costs in excess of the monies deposited, the District may withhold releasing any public records produced pursuant to the request until those amounts are paid in full.

Records maintained by the District, which are exempt from public inspection, by law, include:

- (a) Personally identifiable records of students, pursuant to Section 1002.22, Fla. Stat.
- (b) Portions of personnel records, pursuant to Section 1012.31, Fla. Stat.
- (c) All work products developed in preparation for collective bargaining, pursuant to Section 447.605, Fla. Stat.
- (d) Appraisals, offers, and counter offers relating to purchase of real property, pursuant to Section 1013.14, Fla. Stat.
- (e) Legal records prepared by an attorney exclusively for civil or criminal litigation, pursuant to Section 119.07(3)(o), Fla. Stat.
- (f) Data processing software obtained under a licensing agreement which prevents its disclosure, and data processing software designated by the School Board as "sensitive", pursuant to Section 119.03(3), Fla. Stat.
- (g) Sealed requests for proposals or bids, until such time as they are publicly opened, pursuant to Section 119.07(3), Fla. Stat.

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

Designation of Agency Clerk. The Assistant to School Board Members is hereby designated as the Agency Clerk for the filing of all proceedings for administrative review and all proceedings under Chapter 120, Fla. Stat. In fulfilling this function the Assistant Superintendent for Administrative Services shall:

- (1) Receive, docket, and maintain all filings;
- (2) Respond to requests for information or copies of filings;
- (3) Maintain a case accounting system;
- (4) Maintain a subject index of Agency Orders;
- (5) Periodically distribute changes in School Board rules to registered holders of copies of the Rules Manual.

Access to School Board Meetings. All meetings, workshops, hearings or other proceedings conducted by or on behalf of the School Board shall be open to the public at all times, except as noted herein.

Pursuant to Section 447.605, Fla. Stat., the Board may hold executive sessions for the purpose of discussing pending or ongoing subjects of collective bargaining with the Superintendent or his representative, and may exclude the general public from such discussions.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: §§ 1003.01, 1013.01, 1001.35, 119.07, 286.011, 1013.14, 447.605, Fla. Stat.; 28-1.33, F.A.C.; Chapter 84-298, Laws of Florida*

*History: New, June 12, 1989; November 12, 2008*

## CHAPTER ONE THE DISTRICT SCHOOL BOARD

### **SCHOOL BOARD MEETINGS AND WORKSHOPS**

**1.102**

All official meetings of the Board shall be open to the public and all informal meetings or workshops involving members of the Board shall be conducted as public meetings unless specifically exempted by law. No official action may be taken by the Board at any time other than an official meeting.

Regular Meetings. Regular meetings of the School Board will be held at least once during each calendar month. The time of such meetings will be established at the organizational meeting in November each year. The date of a regular meeting may be changed by action of the Board at any previous meeting provided that every member is notified either by letter or by the distribution of the minutes carrying a record of the change.

Special Meetings. Special meetings may be called at any time by the Superintendent, either upon his own initiative or upon the request of the Chairman or a majority of the membership of the Board. If the Superintendent should refuse to call such a meeting upon request of the Chairman or a majority of the Board, the Chairman or the majority may, by giving written notice to the Superintendent and all members of the Board in the manner prescribed by law, call a special meeting.

Emergency Meetings. The Superintendent may call an emergency meeting of the Board at any time for the purpose of acting upon emergency matters affecting the public health, safety or welfare.

Notice of Meetings.

Regular Meetings. The Superintendent shall give at least seven (7) days public notice of any regular meeting of the School Board. Such notice of meeting shall be in the following format:

#### “NOTICE OF PUBLIC MEETING

The Bay County School Board announces a public meeting to which all persons are invited.

Date and Time: \_\_\_\_\_  
Place: \_\_\_\_\_  
Purpose: \_\_\_\_\_

If a person intends to appeal the Board's decision with respect to any matter, or has any thought that an appeal may be taken, the person has the responsibility to insure that a verbatim (word for word) record of the proceeding is made, and that the verbatim record includes all testimony and evidence upon which the appeal is to be based.

A copy of the agenda may be obtained by contacting the Superintendent of Schools at P.O. Drawer 820, Panama City, Florida 32402.”

The notice of meeting shall be made:

- a. By posting at the Superintendent's office and by publication in a newspaper of general circulation in the County; and
- b. By mail to all persons who have made requests of the Board for advance notice of its meetings.

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

Special Meetings. The Superintendent shall give at least 48 hours public notice prior to any special meeting of the School Board. Notice of such meetings shall be in the format prescribed herein for regular meetings of the Board. The notice shall be given in the following manner:

- a. By posting at the at the office of the Superintendent of Schools; and
- b. By mail to all persons who have made requests of the Board for advance notice of its meetings.

Emergency Meetings. The Superintendent shall notify at least one (1) newspaper of general circulation in the District of the time, date, place and purpose of an emergency meeting.

### Agenda for Meetings.

Regular Meetings. The Superintendent shall prepare and distribute an agenda for each regular meeting so that a copy may be received at least seven (7) days before the event by any person who has requested a copy and pays the reasonable cost per copy.

Special Meetings. The Superintendent shall prepare and distribute an agenda for each special meeting so that a copy may be received at least 48 hours before the meeting by any person who has requested a copy and pays the reasonable cost per copy.

Emergency Meetings. No advance distribution of an agenda will be required for emergency meetings of the School Board. However, following an emergency meeting the Superintendent shall publish in a newspaper of general circulation in the County the following information:

1. Time, date and place of the emergency meeting;
2. Reasons why an emergency meeting was necessary; and
3. A statement setting forth the action taken at the meeting.

Format of Agenda. The Superintendent and School Board Chairman shall prepare the agenda for regular and special meetings. The agenda shall be specific as to items to be considered. All matters involving the exercise of Board discretion and policymaking shall be listed and summarized on the agenda. Additions to agenda items such as "old business", "new business," "other business," or "other matters which may come before the Board" or similar terms shall be for consideration of solely ministerial, or internal-administrative matters which do not affect the interests of the public generally. The agenda shall be prepared in essentially the following format:

### "BAY COUNTY SCHOOL BOARD

Time, Date, and Place of Meeting

This Meeting is Open to the Public

1. Call to Order
2. Public Hearings (if applicable)
3. Input from Public, Board Committees, and School-Related Organizations
4. Review of Agenda and Minutes
5. Superintendent's Report
6. Business Services Report
7. Instructional Services Report
8. Administrative Services Report
9. Reports from Chairman, Board Members and Attorney
10. Reports and Input from Employee Organizations"

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

Superintendent's Recommendations. The agenda or the agenda materials should reflect the Superintendent's recommendation on each item to be presented to the Board for consideration.

Following of Agenda. The agenda shall list the items in the order they are to be considered. For good cause stated in the record, items on the agenda may be considered out of their stated order with the approval of the Chairman. Items not appearing on the posted agenda which require action, may not be added except by majority vote of the Board Members present at the meeting declaring the item an emergency that requires action at the particular meeting. The reason for the emergency must be entered in the record. All meetings shall be conducted in accordance with Section 1.207.

Materials and Information. In order for Board Members to properly prepare for Board meetings, they must be given materials and information far enough in advance of the meeting to allow them to adequately review them. All backup material concerning the items on the agenda of regular School Board meeting should be delivered to each of the Board Member at least six (6) days prior to the meeting. If backup material for the agenda is not delivered to the Board Member at least 48 hours prior to the meeting, the item shall be automatically tabled until the next Board meeting. The agenda item may be heard and not tabled only if there is a vote by a majority of the Board Members present declaring the item an emergency that requires it not be tabled until the next regular meeting. The reason for the emergency must be entered in the record.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: §§ 1001.372(1), 120.53(1)(d), 120.54(10), 1001.372(2), 1001.371, Fla. Stat.; Chapter 28-2, F.A.C.*

*History: New, June 12, 1989*

*Revised: July 11, 1991*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **ADOPTION, AMENDMENT AND REPEAL OF BOARD RULES**

**1.103**

Regular Actions Initiated by School Board or Staff. If the Superintendent or a member of the School Board wishes to propose the adoption of a new rule or the amendment or repeal of an existing rule, he/she shall have the proposed action placed on the agenda for a regular or special meeting in the manner prescribed above.

At the meeting the Board shall consider the proposal and either reject or tentatively approve the proposal, with or without modification. Following tentative approval the Board shall direct the Superintendent to give public notice of the Board's proposed action.

Public notice of intent to adopt, amend or repeal a rule shall be made at least 21 days prior to intended action:

- a. By publication in a newspaper of general circulation in the County;
- b. By mail to all persons who have made requests of the Board for advance notice of its proceedings;
- c. By posting a copy of the notice in each school or work area where it will be clearly visible to employees and students; and
- d. By mail to organizations representing groups of Board employees.

If such public notice does not contain a copy of the complete text of the proposed rule or change, the notice shall identify the location where a copy of the text may be examined or obtained.

The public notice shall also contain the name of the person originating the rule and the name of the person approving the proposed rule for initial consideration by the Board.

After the publication of public notice initiating rulemaking, the Superintendent shall make available for public inspection, and shall provide upon request, copies of the following materials:

- a. The text of the proposed rule, or any amendment, or repeal of any existing rule;
- b. A detailed written statement justifying the proposed rule;
- c. A copy of the economic impact statement required by Section 120.54, Fla. Stat.;
- d. The published notice.

Public Hearing. If the proposed rule or rule change does not relate exclusively to organization, practice or procedure, the School Board shall provide, upon request, a public hearing for presentation of evidence, argument and oral statements, within reasonable limitations to avoid duplication, irrelevant comments, unnecessary delay or disruption of the proceeding. Written statements may be submitted to the School Board following the hearing by any person, and may be considered and made part of the record if authorized by the Board.

Such public hearing shall be held if requested by a person affected by the rule within 21 days after the date of publication of the public notice. However, the School Board may elect on its own initiative to hold a public hearing and publish notice of this fact.

An agenda shall be prepared for the public hearing that provides affected persons with sufficient time to present evidence, argument or oral statements, and other information.

The hearing shall be conducted by the School Board as a body.

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

The School Board may take official recognition of any material that is of common and general knowledge, authoritatively well settled and free from uncertainty. If the material is officially recognized by the School Board it is deemed to be admissible without the necessity of the offering party presenting evidence. This material shall be a part of the record and all affected persons shall be given a reasonable opportunity to examine and offer evidence and argument in opposition.

Upon request of any affected person a transcript shall be made of the proceedings and made available to the public. Costs of preparing the transcript and having the proceeding recorded shall be paid by the requesting person. A copy of the transcript shall be available to the public at cost.

At any time prior to the conclusion of the public hearing, any person may assert that such hearing does not provide an adequate opportunity to protect his substantial interests and request that the hearing be conducted under the provisions of Section 120.57, Fla. Stat. Upon receipt of such request, the School Board shall proceed in the manner prescribed by Section 1.105(4)(c) of these rules.

Any person who is substantially affected by the proposed rule may, in addition, within 14 days following advertising of the public notice, request an administrative determination of the validity of the proposal on the grounds and in the manner prescribed in Section 120.54(3), Fla. Stat.

- a. If such hearing is granted by the state Division of Administrative Hearings, the School Board is precluded from taking any final action of the proposed rule pending the final decision of the hearing officer.
- b. The hearing officer may declare all or any part of the proposed rule to be invalid. No proposal or portion of a proposal so declared invalid may be subsequently adopted by the School Board.

Following the public hearing, or the final decision of the state hearing officer, or a 14 day waiting period if no hearing is requested or challenge made, the School Board may take action on the final adoption of the rule.

Following the final adoption the Superintendent shall file a certified copy of the new rule, amendment, or repeal in the district office complete with the data, and in the form required by applicable portions of Section 120.54(11)(b), Fla. Stat.

Petitions to Initiate Rulemaking Proceedings by Substantially Affected Persons. Any person subject to the jurisdiction of or affected by actions of the School Board may submit a petition for initiation of rule-making proceedings at any time.

All such petitions must contain the name and address of the petitioner, specific reasons for adoption, amendment or repeal, the specific action requested, the date submitted, and shall specify the proposed rule.

Any interested person may file a statement in support of or in opposition to any petition for the initiation of rulemaking proceedings. The interested person shall furnish the petitioner with a copy upon filing of the statement.

Any interested person may submit a reply to the statement in paragraph (b) herein prior to action being taken by the School Board. The interested person shall furnish the petitioner and the person filing under paragraph (b) with a copy upon filing of the reply.

School Board Action on Petitions to Initiate Rulemaking.

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

Upon receipt of any petition for the initiation of rulemaking pursuant to Section 120.54(5), Fla. Stat., the School Board shall publish notice of receipt and disposition in the manner required in Subsection(1) herein.

If the School Board determines that the petitioner is not regulated by the Board or does not have a substantial interest in the rule, or does not have the interest as stated in the petition, the School Board may forthwith deny the petition, and shall notify the petitioner in writing with particularity the reasons for the denial. If the agency determines that rulemaking should not be initiated, a written statement setting forth, with particularity, the reasons for such determination shall be provided to the petitioner.

After the publication of notice initiating rulemaking, the School Board shall make available for public inspection and shall provide upon request, copies of the following materials:

- (1) The text of the proposed rule, or any amendment, or repeal of any existing rule;
- (2) A detailed written statement justifying the proposed rule;
- (3) A copy of the economic impact statement required by Section 120.54, Fla. Stat.;
- (4) The published notice.

The School Board shall then proceed to consider the proposed rule in the manner prescribed in Subsection (1)(g) herein.

Emergency Actions. If the School Board finds at any time that an immediate danger to the public health, safety, or welfare requires emergency action, an emergency rule may be adopted, modified or repealed without the necessity of following the procedure outlined in Subsection (1) herein.

If possible, the Superintendent will notify all local newspapers and all groups of affected persons prior to adoption of an emergency rule. The Board will permit, upon request, all affected persons to present testimony, evidence, and submit written statements.

Upon the request of any affected person, a transcript shall be made of the proceeding and a record shall be made consisting of the transcript and any other matter of information considered by the School Board in adopting the emergency rule. Cost of preparing the transcript shall be paid by the requesting person. In any event, a recording shall be made of the proceeding.

Notwithstanding the paragraphs above, the School Board reserves the right to use any procedure which is fair under the circumstances in the adoption of an emergency rule as long as it protects the public interest and otherwise complies with applicable statutory provisions.

Any emergency rule shall become effective immediately upon adoption and shall be automatically repealed upon expiration of 90 days, unless an earlier expiration date is prescribed within the rule.

Exemption for Collective Bargaining Agreements. In the event that any provision of a collective bargaining agreement, ratified by the Board either prior to or subsequent to the effective date of any rule herein, conflicts with all or part of any such rule, the provisions of the agreement shall be controlling and the rule shall be deemed to be amended to the extent of the conflict during the term of the agreement only insofar as it is applicable to members of the bargaining unit covered by the agreement.

If any such agreement expires prior to the ratification of a subsequent agreement, the provisions of the expired agreement shall remain in full force and effect until ratification of the subsequent agreement unless a rule or rules contrary to the agreement are adopted in the interim.

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

Exemption for Changes in Law. In the event that a law, enacted subsequent to the adoption of any rule herein, conflicts with all or part of such rule, the provisions of the law shall be controlling and the rule shall be deemed to be amended to the extent of the conflict.

Non-Substantive Amendments to Rules. The School Board Attorney, as the Board's designee, shall have the authority to review the School Board Rules and to:

- (1) Amend grammatical, typographical, titles and similar matters not affecting the meaning of the rules; and
- (2) Make structural changes including renumbering of sections which do not affect the substance of the rules.

Such editorial changes shall be provided to the Agency Clerk for distribution to all registered holders of policy manuals.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: §§ 120.54, 120.57, 447.309(3), Fla. Stat.; Chapter 28-3, F.A.C.*

*History: New, June 12, 1989*

*Revised: August 14, 1996*

## CHAPTER ONE THE DISTRICT SCHOOL BOARD

### **DECLARATORY STATEMENTS**

**1.104**

**Purpose and Use.** A declaratory statement is a means for resolving a controversy or answering questions or doubts concerning the applicability of any statutory provision, rule, or order as it does, or may apply to a petitioner in his particular circumstances only. The potential impact upon petitioner's interests must be alleged in order for petitioner to show the existence of a controversy, question, or doubt.

**Application.** Any person may seek a declaratory statement as to the applicability of a specific statutory provision or of any rule or order of the School Board as it applies to the petitioner in his particular set of circumstances only. The School Board will give notice of each petition, briefly stating the question presented, in the manner prescribed by Section 120.565, Fla. Stat., and shall similarly give notice of the disposition of each petition, briefly explaining the School Board's response.

- (1) The petition seeking a declaratory statement shall be filed in writing with the Superintendent and shall provide substantially the following information:
  - (a) Heading: Petition for Declaratory Statement
  - (b) Name of Petitioner
  - (c) Address of Petitioner
  - (d) School Board rule, order or statutory provision on which declaratory statement is sought
  - (e) Description of how this rule, order or statute may or does affect the petitioner in his/her particular set of circumstances only
  - (f) Signature of Petitioner
  - (g) Date

**Disposition.** Upon receiving an application for a declaratory statement the Superintendent shall prepare a written statement of interpretation clarifying the application of the particular statute, order or rule to the petitioner.

The statement shall be transmitted to the individual and to each member of the Board within ten (10) days of receipt of the application. Either the petitioner or any member of the Board may within ten (10) days of receipt of the proposed statement, request an appeal of the proposed statement to the entire Board.

If an appeal is requested, the Superintendent shall place the matter on the agenda of the next regular meeting of the School Board. The Board shall review the Superintendent's proposed statement and either approve or modify the statement. In considering the adoption of such statement the School Board may, at its discretion, hold a hearing to dispose of the petition. If such hearing is held, it shall be conducted pursuant to Section 120.57, Fla. Stat., on an expedited basis, or as otherwise agreed upon by the School Board and the petitioner.

In the event that no appeal is requested by the Petitioner or by a member of the School Board within the ten (10) day period, the proposed statement of the Superintendent shall be considered final and binding on both the petitioner and the School Board. However, the School Board shall, at its next regular meeting, ratify and confirm the statement.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: §§ 120.53(1), 120.54(10), 120.565, Fla. Stat.; Chapter 28-4, F.A.C.*

*History: New, June 12, 1989*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **DECISIONS OF THE SCHOOL BOARD DETERMINING SUBSTANTIAL INTERESTS**

**1.105**

#### **General Provisions.**

**Scope.** This Section shall apply in all proceedings in which substantial interests of a party are determined by the Board, and shall be construed to secure the just, speedy and inexpensive determination of every proceeding. Specifically, this section applies to all proceedings under Section 120.57, Fla. Stat., as well as those initiated under Section 120.54(16), Fla. Stat., which are required to be conducted in accordance with Section 120.57, Fla. Stat.

**Presiding Officer.** As used herein "presiding officer" shall mean the School Board, a member of the Board who conducts a hearing on behalf of the Board, or a Hearing Officer assigned by the Division of Administrative Hearings.

**Computation of Time.** In computing any period of time prescribed or allowed by these rules, by order of a presiding officer, or by any applicable statute, the day of the act from which the designated period of time begins to run shall not be included. The last day of the period shall be included unless it is a Saturday, Sunday or legal holiday in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or legal holiday. As used in these rules, legal holiday means those days designated in Section 110.117, Fla. Stat., and any other day the District School Board offices are closed. Three days may be added to prescribed time limits when service is made by mail.

**Parties.** Parties in any proceeding conducted in accordance with Section 120.57, Fla. Stat., are petitioners, respondents, or interveners. Parties shall be entitled to receive copies of all pleadings, motions, notices, orders and other matters filed in a proceeding, and shall be entitled to all rights afforded under Chapter 120, Fla. Stat. According to the nature of the proceeding the term "party" may include the School Board.

**Who May Appear; Criteria for Other Qualified Representatives.** The intent of the administrative process is to secure the just, speedy, and inexpensive determination of proceedings in which the substantial interests of a person are affected. Any person compelled to appear, or who appears voluntarily, before any hearing officer or the Board in an investigation or in any Board proceeding has the right, at his/her own expense, to be accompanied, represented, and advised by counsel or by other qualified representative. (Counsel shall mean a member of The Florida Bar or a law student certified pursuant to Article XVIII of the Integration Rule of the Florida Bar.) This rule shall be liberally construed to promote and facilitate access to the decision making process of government.

**Representation.** If a person is not represented by counsel or does not appear on his/her own behalf, but is desirous of representation by a qualified representative, the presiding officer shall make diligent inquiry of the prospective representative during a non-adversary proceeding, under oath and on the record, to assure that the prospective representative is qualified to appear in the administrative proceeding(s) and capable of representing the rights and interests of the person. However, in lieu of the above, the presiding officer may consider the prospective representative's sworn affidavit setting forth his/her qualifications.

The presiding officer shall determine the qualifications of the prospective representative within a reasonable time subsequent to the appearance of a prospective representative in an administrative proceeding on behalf of any person, but, in any case, prior to hearing on the merits or the taking of testimony. If the prospective representative appears in the administrative proceeding prior to the naming of a presiding officer, the Board or its designee may make the determination of qualifications under the terms of this rule.

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The person desirous of non-attorney representation during the administrative proceeding(s) shall be in attendance during any such inquiry conducted by the presiding officer and shall state on the record his/her request for, and acceptance and approval of, the non-attorney representative. However, if the person is unable to appear, he/she shall furnish written notice expressly stating his/her request for, and acceptance and approval of, the non-attorney representative. In addition, the person shall state during the inquiry or in the written notice that he/she is aware of the nature and extent of the services which his/her non-attorney representative can and will provide, and that he/she is aware that he/she can be represented by an attorney at his/her own expense and has chosen otherwise.

Subject to the qualification procedures herein set forth, the decision to have non-attorney representation rests solely with the person making the request, and will be considered a voluntary and informed choice.

In general, the presiding officer shall authorize the prospective representative to appear in the pending administrative proceeding(s) if the presiding officer is satisfied that the prospective representative has the necessary qualifications to render competent and responsible representation of the person's interests in a manner which will not impair the fairness of the proceeding or the correctness of the action to be taken.

In particular, in rulemaking proceedings pursuant to 120.54(3), Fla. Stat., the presiding officer shall allow a representative to present evidence and argument on behalf of a person on all issues under consideration provided the representative states his/her name, address and authority to appear on behalf of the affected person desiring to comment. In all other administrative proceedings, the presiding officer shall make a determination of the qualifications of the prospective representative in light of the nature, scope, and extent of the proceedings, the proposed representation, the applicable Federal and State laws, rules, and regulation, and the factual and legal issues to be presented during the administrative proceeding. (However, the prospective representative shall not be required to disclose facts and legal theories to the prejudice of his client.) In this regard, the presiding officer shall consider the following criteria to the extent they are relevant, material, and applicable to the proceeding:

- (1) The prospective representative's knowledge of jurisdiction and supportive legal authority to file the initial notice;
- (2) The knowledge or experience of the prospective representative regarding Chapter 120, Fla. Stat., (Administrative Procedure Act); Florida Administrative Code Chapter 22I-1 through 4 (Rules of the Division of Administrative Hearings); Rules 9.020, 9.030, 9.110, 9.310, and 9.800 of the Florida Rules of Appellate Procedure; and Sections 1.101 through 1.105, Bay County School Board Rules;
- (3) The knowledge or experience of the prospective representative regarding the application and interpretation of the Florida Rules of Civil Procedure as they relate to discovery in an administrative proceeding;
- (4) The knowledge or experience of the prospective representative regarding the rules of evidence, including the concept of hearsay and its use in an administrative proceeding;
- (5) The knowledge or experience of the prospective representative regarding the statutes or rules which may be at issue;
- (6) Knowledge of the prospective representative regarding the Standards of Conduct for Administrative Proceedings prescribed herein;
- (7) The educational background, training, or work experience of the prospective representative relevant to the subject matter involved in the proceeding; and
- (8) The relationship of the prospective representative to the person, and the need of the person to have a representative speak on his/her behalf.

It shall be presumed, although not conclusively, by the presiding officer that a non-attorney representative who has appeared in previous administrative proceedings involving similar legal and factual issues and was determined to be a qualified representative therein is qualified to appear in subsequent similar administrative proceedings.

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### **THE DISTRICT SCHOOL BOARD**

If the presiding officer determines a prospective representative is not qualified, the findings and conclusions supporting the decision shall be reduced to writing and placed in the record.

Any finding which disqualifies a prospective representative from appearing in an administrative proceeding shall not act to bar said person from appearing in future administrative proceedings where such person is found to be a qualified representative. However, a violation of the Standards of Conduct for Administrative Proceedings, as prescribed herein, by a representative other than counsel subject to the disciplinary procedures of the Florida Bar may be considered as grounds for disqualification in a subsequent proceeding.

A representative who has filed an initial pleading or notice of appearance for that person shall remain the attorney or representative of record and shall receive pleadings and continue in the representative capacity until his withdrawal has been approved in writing by the presiding officer.

Any successor or associated attorney or other qualified representative shall file a notice of appearance prior to, or at the time of, the filing of any pleading with, or appearance before, the presiding officer.

It is recognized that there may be Federal and State laws, regulations or rules which may impose greater or lesser restrictions on the qualification for representation in administrative proceedings than those recited here or in Chapter 120, Fla. Stat. If an issue is raised pertaining to the applicability of such laws, regulations, or rules during an administrative proceeding, the presiding officer shall determine the question in light of the factual and legal issues presented and in light of the applicable principles of Federal and State law.

In any administrative proceeding, a representative, other than counsel subject to the disciplinary procedures of the Florida Bar, shall be bound by the Standards of Conduct for Administrative Proceedings prescribed herein.

#### Standard of Conduct for Administrative Proceedings.

Preamble. No rules of conduct can be framed which will set out all the duties of the representative in the varying administrative proceedings or in the relationship of the representative to his client, adversaries, other representatives, the School Board, and the public. It will be remembered that the representatives before the School Board include members of the Florida Bar in good standing, law students who are certified pursuant to and satisfy the requirements of Article XVIII of the Integration Rule of the Florida Bar, and other qualified representatives. Members of the Florida Bar and certified law students are bound by a broad code of ethics, the Florida Bar Code of Professional Responsibility, and unwritten rules of professional conduct; for other qualified representatives, no standards of conduct have previously been written. The following standards of conduct are adopted as a general but mandatory guide for all representatives appearing in any administrative proceeding except counsel subject to the disciplinary procedures of The Florida Bar.

Standards of Conduct. A representative shall exercise due diligence in the filing and argument of any motion or pleading to insure that the motion or pleading is filed and argued in good faith.

The signature of a representative upon any motion or pleading shall constitute a certificate that he has read the motion or pleading, that to the best of his/her knowledge it is supported by good grounds, and that it has not been presented solely for delay.

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A representative shall advise his/her client to observe and to obey the law. However, where a statute or rule has not been interpreted by competent adjudication, the representative may conscientiously advise the person as to the validity and application of the statute or rule in question. A representative shall not:

- (1) Violate any of the provisions contained herein; circumvent a provision through actions of another; engage in conduct involving dishonesty, fraud, deceit, or misrepresentation; or engage in conduct that is prejudicial to the administration of justice.
- (2) File a pleading, assert a position, conduct a defense, delay an administrative proceeding, or take other action on behalf of his/her client when he/she knows or when it is obvious that such action would serve merely to harass or maliciously injure another; or engage in any tactics primarily dilatory, disorderly, contemptuous in nature, or combination thereof.
- (3) Handle a legal or factual matter which he/she knows or should know that he/she is not competent to handle without associating with him/her an attorney or another qualified representative; or handle a legal or factual matter without adequate preparation.
- (4) Accept representation in a matter upon the merits of which he/she has acted in a judicial or quasi judicial capacity, or in which he/she had substantial responsibility while he was a public employee.
- (5) State or imply that he/she is able to influence improperly or upon irrelevant grounds any agency or public official; attempt to exert any political or personal influence to sway the judgment of the presiding officer; give or lend anything of value to a presiding officer, official or employee of the Board; knowingly make false accusations against a presiding officer; or in an adversary proceeding, communicate, or cause another to communicate, as to the merits of the proceeding with a presiding officer or an official before whom the proceeding is pending, except:
  - (a) In the course of official proceedings,
  - (b) In writing if he/she promptly delivers a copy of the writings to the opposing representative, or adverse party if he/she is not represented,
  - (c) Orally upon adequate notice to the opposing representative, or the adverse party if he/she is not represented, or
  - (d) As otherwise authorized by law.
- (6) Communicate or cause another to communicate with an adverse party regarding matters at issue in the administrative proceeding where the representative knows that the adverse party is represented by an attorney or other qualified representative unless the representative has received reasonable notice prior thereto.
- (7) Disregard or advise his/she client to disregard a statute or rule of the School Board, or a ruling of the School Board made in the course of an administrative proceeding, but he/she may take appropriate steps in good faith to test the validity of such rule, statute, or ruling.
- (8) Conceal or knowingly fail to disclose that which one is bound to reveal by law.
- (9) Knowingly use perjured testimony or false evidence.
- (10) Knowingly make a false statement of law or fact.
- (11) Disclose the secrets of his/her client without the consent of the client. (Secret refers to information gained in the representative relationship that the client has requested be held inviolate or the disclosure of which would be embarrassing or would be likely detrimental to his/her client.) However:
  - (a) A representative shall reveal secrets when required by law, provided a representative required by a presiding officer to make such disclosure may first avail himself of all appellate remedies available to him/her.
  - (b) The representative shall also reveal the intention of his/her client to commit a crime and the information necessary to prevent the crime.
  - (c) The representative may disclose the truth in respect to a false accusation made by his/her client.
- (12) Suppress any evidence that he/she or this client has a legal obligation to reveal or produce; participate in the creation or preservation of evidence when he/she knows or it

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- is obvious that the evidence is false; counsel or assist his/her client in conduct that he knows to be illegal or fraudulent.
- (13) Advise or cause a person to secrete him/herself or leave the jurisdiction of the School Board for the purpose of making him/her unavailable as a witness therein; pay, offer to pay or acquiesce in the payment of compensation to a witness contingent upon the content of his/her testimony or the outcome of the case; counsel or advise a witness to provide other than honest testimony.

A representative who receives information clearly establishing that his/her client has, in the course of the representation, perpetrated a fraud upon a person or the School Board shall promptly call upon his/her client to rectify the fraud; and if his/her client refuses or is unable to do so, he/she shall reveal the fraud to the affected person or the School Board.

A representative who receives information clearly establishing that a person other than his/her client has perpetrated a fraud upon the School Board shall promptly reveal the fraud to the presiding officer.

Failure to comply with these provisions shall authorize the presiding officer to disqualify, censure, or suspend the representative appearing in the administrative proceeding. However, no representative may be disqualified, censured, or suspended until after he/she has been apprized of the charges, afforded an opportunity to confront his/her accusers, and be heard in his/her defense.

Consolidation. If there are separate matters before the presiding officer which involve similar issues of law or fact, or identical parties, the matters may be consolidated if it appears that consolidation would promote the just, speedy, and inexpensive resolution of the proceedings, and would not unduly prejudice the rights of a party. Any party to a proceeding may request that it be consolidated with other proceedings, or the presiding officer may on his/her own initiative order separate proceedings to be consolidated.

Joinder of Parties. If it appears that the determination of the rights of parties in a proceeding will necessarily involve a determination of the substantial interests of persons who are not parties, the presiding officer may, upon motion of a party, or upon his own initiative enter an order requiring that the absent person be notified of the proceeding and be given an opportunity to be joined as a party of record.

Disqualification. Unless good cause is shown, all motions for disqualification of a presiding officer should be made at least five days prior to the date scheduled for the final hearing.

Service of Papers. Unless the presiding officer otherwise orders, every pleading and every other paper filed in a proceeding, except applications for witness subpoenas shall be served on each party. Service shall be made upon the party or his/her representative by delivering a copy or by mailing it to the last known address.

Agency Investigations and Probable Cause Determinations. This rule shall not apply to School Board investigations or to determinations of probable cause preliminary to Agency action.

The School Board may conduct or have conducted such investigations and make such probable cause determinations as are authorized or required by law. An investigation or determination of probable cause is a non-adversary executive function to discover or procure evidence as part of the fact-finding function of the School Board. The School Board need not have an administrative complaint pending to conduct an investigation or make such determination.

Point of Entry into Proceeding. Unless otherwise provided by law:

- (1) Persons requesting a hearing on a School Board decision which does or may determine their substantial interest shall file a petition with the School Board within 21 days of

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receipt of written notice of the decision, or within 21 days of receipt of written notice of intent to render such decision. Whenever possible, the School Board shall issue a written notice of intent to render a decision prior to the decision and allow person who may be substantially affected thereby 21 days from receipt in which to request a hearing. The notice shall state the time limit for requesting a hearing and shall reference the Board's procedural rules.

- (2) Any person who receives written notice of a School Board decision or who receives written notice of intent to render a decision and who fails to request a hearing within 21 days, shall have waived his/her right subsequently to request a hearing on such matters.
- (3) The School Board may publish notice of its decision, or of its intent to render a decision in newspapers of general circulation in the County and may also, where appropriate, mail copies of its notice to applicants, competitors, and interested groups. Such action by the School Board may be used in establishing petitioner's date of receiving notice.

### Formal Proceedings.

### Prehearing Procedures.

Initiation of Formal Proceedings. Initiation of formal proceedings shall be made by petition to the School Board. The term petition as used herein includes any application or other document which expresses a request for formal proceedings. Each petition should be printed, typewritten or otherwise duplicated in legible form on white paper of standard size. Unless printed, the impression shall be on one side of the paper only and lines shall be doubled-spaced and indented. All petitions filed under these rules should contain:

- (i) The name and address of each Agency affected and each Agency's file or identification number, if known;
- (ii) The name and address of the petitioner or petitioners, and an explanation of how his/her substantial interests will be affected by the School Board determination;
- (iii) A statement of when and how petitioner received notice of the School Board decision or intent to render a decision;
- (iv) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;
- (v) A concise statement of the ultimate facts alleged, as well as the rules and statutes which entitle the petitioner to relief;
- (vi) A demand for relief to which the petitioner deems him/herself entitled; and
- (vii) Other information which the petitioner contends is material.

Upon receipt of a petition for formal proceedings, the School Board shall either accept or deny the petition, and if accepted shall elect either to conduct the hearing itself through the School Board or a member thereof, or request that a Hearing Officer from the Division of Administrative Hearings be assigned to conduct the hearing. In proceedings involving dismissal of a member of the instructional staff employed on the basis of an Annual Contract or a Professional Services Contract, the selection of the hearing officer or panel shall be determined by the defendant, rather than by the School Board. In such proceedings involving a member of the instructional staff employed on the basis of a Continuing Contract, the selection of the hearing officer or panel shall be determined by the School Board.

A petition may be denied if the petitioner does not state adequately a material factual allegation, such as a substantial interest in the School Board determination, or if the petition is untimely.

The School Board shall promptly give written notice to all parties of the action taken on the petition, and shall state with particularity its reasons therefor.

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If the School Board elects to request that a Hearing Officer of the Division of Administrative Hearings be assigned to conduct the hearing, the Superintendent shall forward the petition, and all materials filed with the Board, to the Division of Administrative Hearings, and shall notify all parties of its action.

Amendments of Petitions. The petitioner may amend the petition prior to the School Board's designating the presiding officer by filing and serving an amended petition in the manner prescribed for filing and serving an original petition. The petitioner may amend its petition after the designation of the presiding officer only upon order of the presiding officer.

Answer. A respondent or intervenor may file an answer which shall contain any available affirmative defenses. If an answer is filed, it shall be filed within 20 days of service of the petition.

Motions. All motions shall be in writing unless made on the record during a hearing, and shall fully state the action requested and the grounds relied upon. The original written motion shall be filed with the presiding officer. The presiding officer shall conduct such proceedings and make such orders as are deemed necessary to dispose of issues raised by motions. Every written motion may be accompanied by, or included in, a written memorandum stating the grounds upon which the motion is based. Other parties to a proceeding may within seven (7) days of service of a written motion, file written memoranda in opposition.

Motions in Opposition to Petition. Motions in opposition to a petition, which may be filed by any party, include motions to dismiss, to strike, and for more definite statement, and shall be filed within 20 days of service of the petition. Any ruling by a presiding officer on a motion in opposition to a petition shall be incorporated in a recommended order, and can be finally disposed of only by the School Board.

Prehearing Conferences. The presiding officer may conduct or request the parties to have one or more prehearing conferences for the purpose of hearing arguments on pending motions, clarifying and simplifying issues, discussing the possibilities of settlement of the issues, examining exhibits and documents, exchanging names and addresses of witnesses, and resolving other procedural matters.

Intervention. Persons other than the original parties to a pending proceeding who have a substantial interest in the proceeding, and who desire to become parties may petition the presiding officer for leave to intervene. Petitions for leave to intervene must be filed at least five (5) days before the final hearing and should be in conformance with procedures outlined herein and shall also include allegations sufficient to demonstrate that the intervenor is entitled to participate in the proceeding as a matter of constitutional or statutory right or pursuant to School Board rule, or that the substantial interests of the intervenor are subject to determination or will be affected through the proceeding.

Discovery. Parties may obtain discovery through the means and in the manner provided in Rules 1.280 through 1.400, Florida Rules of Civil Procedure. The presiding officer may issue appropriate orders to effectuate the purposes of discovery and to prevent delay, including the entry of a recommended order of default pursuant to rules herein.

Notice of Hearing. The School Board, with the concurrence of the presiding officer, shall set the time and place for all hearings. The presiding officer shall issue and serve written notice thereof by U.S. mail on all parties of record. No less than 14 days notice shall be given for the final hearing on the merits of the petition unless otherwise agreed by the parties. The notice of hearing shall contain the statement set out in Section 120.57(1)(b)2., Fla. Stat.

Continuances. The presiding officer may in his discretion grant a continuance of a hearing for good cause shown, or upon stipulation of all parties. Requests for continuance shall be made in writing. Requests for continuance shall be made in writing. Except in cases of extreme emergency, requests for continuance must be made at least five (5) days prior to the date noticed for the hearing.

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Dismissal and Default. The failure or refusal of a party to comply with any lawful order may be cause for dismissing the petition, or for entry of a default order. The presiding officer shall serve upon all parties written notice of any recommended order entered pursuant to item a. above. The party against whom such an order is entered may, not later than 15 days after service of the notice, file a motion requesting that the recommendation for default of dismissal be set aside and stating the ground relied upon. If a default is entered by the School Board against the party who has the burden of proof in a proceeding, the proceeding will be dismissed. If the default is entered by the School Board against a party who does not have the burden of proof, the party in default shall be not be allowed to cross-examine witnesses, or to otherwise participate in the proceeding as a party.

### Conduct of Formal Hearings.

Subpoenas. Subpoenas may be issued by the School Board, by a presiding officer, or by a Hearing officer of the Division of Administrative Hearings. Subpoena forms shall be supplied by the School Board or the Presiding officer.

Subpoenas requiring the attendance of witnesses or production of records, files, and memoranda from any place in the state, at any designated place of hearing before the presiding officer, for the purpose of taking the testimony of such witness or inspection of documents, shall be issued upon written application of any party. The application for such subpoena shall state the name and address of the witness for whom the subpoena is to be issued, and the time and place for the witness to appear.

Any party or person against whom a subpoena is directed may file a motion to quash or limit the subpoena with the School Board. The motion shall set forth the grounds relied upon.

A subpoena may be served by any person authorized by law to serve process or by any person who is not a party and who is of majority age. Service shall be made by delivering a copy thereof to the person named in the subpoena. Proof of such service shall be made by affidavit of the person making service of not served by an officer authorized by law to do so.

Witness Fees. Witness fees shall be paid by the party at whose instance the witness is summoned. Witness fees shall be tendered at the time of service of a subpoena. Except in the case of state employees or employees of the School Board, the fees shall be the same as those allowed by the circuit courts of the state. State employees shall be entitled to compensation at the rate provided under Section 112.061, Fla. Stat. School Board employees and other public employees shall be entitled to compensation at the rate provided for travel and per diem by Section 6.105. This paragraph shall not limit the fees of expert witnesses.

Witnesses. All witnesses shall be sworn and subject to examination and cross-examination. The presiding officer may allow members of the general public to appear as witnesses at a hearing, and to present oral or written communications intervenor. The presiding officer may set fair and reasonable conditions on such appearances, and the communications shall be subject to cross-examination, challenge and rebuttal.

Evidence. Oral evidence shall be taken only on oath or affirmation. Each party shall have the right to present evidence relevant to the issues; to cross-examine opposing witnesses; to impeach any witness regardless of which party first called him/her to testify; and to rebut the evidence presented against it.

Any relevant evidence shall be admitted if it is the sort of evidence on which reasonable prudent persons are accustomed to rely in the conduct of their affairs. Hearsay evidence may be used to supplement or explain other evidence, but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the same extent that they are now or hereafter may be recognized in civil actions. Irrelevant and unduly repetitious evidence shall be excluded.

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Recordation.--The School Board shall have the responsibility of preserving the testimony at final hearing. Proceedings shall be reported by a certified court reporter or by recording instruments. Any party to a hearing may, at its own expense, provide a certified court reporter if the School Board does not. The presiding officer may, in his/her discretion, provide a certified court reporter. At hearing during which the services of a court reporter have been retained, any party who wishes a written transcript of the testimony shall order the same at its own expense. If a court reporter records the proceedings, the recordation shall become the official transcript.

### Post-Hearing Procedures.

Post-hearing Memoranda. If a hearing is conducted by other than the School Board, all parties may submit proposed finding of fact, conclusions of law, and recommended orders, or legal briefs on the issues within a time designated by the presiding officer.

Recommended Order. If a hearing is conducted by other than the School Board, or member thereof, the presiding officer shall, within 30 days after the hearing or receipt of the hearing transcript, whichever is later, file a recommended order which shall include a caption, time and place of hearing, appearances entered at the hearing, statement of the issues, finding of fact and conclusions of law, separately stated, and recommendation for final School Board action.

If the presiding officer determines that a party participated in the proceeding primarily to harass or to cause unnecessary delay, or for frivolous purpose, or to needlessly increase the cost of securing the approval of an activity, the recommended order shall so state and shall recommend the award of costs and attorney fees to the other party.

Exceptions to Recommended Order. Parties may file exceptions to finding of fact with the School Board within 20 days of service of the recommended order.

Final Orders. If a hearing is conducted by the School Board, a final order shall be entered within 90 days after the hearing or receipt of the hearing transcript, whichever is later. The final order shall include a caption, time and place of the hearing appearances entered at the hearing, statement of the issues, finding of facts, conclusions of law, and statement of final School Board action.

If the final hearing has been conducted by other than the School Board, the School Board shall issue its final order within 90 days of receipt of the recommended order, following consideration at a public meeting. This proceeding shall not be a de novo review, but shall be confined to the record submitted to the School Board together with the recommended order.

If a party files exceptions to a recommended order or submits proposed finding of fact to the School Board, the final order shall include an explicit ruling on each exception or proposed finding of fact as well as a brief statement of grounds for denying the exception or proposed finding of fact; provided, however, the School Board will not be required to make explicit rulings on subordinate, cumulative, immaterial or unnecessary proposed facts and such proposed facts may be rejected in the final order by simple statement that they are irrelevant or immaterial.

The final order shall award costs and a reasonable attorney fees to the prevailing party when the non-prevailing party has been identified by the presiding officer in the recommended order as having participated in the proceeding for an improper purpose, pursuant to Section 120.59(6), Fla. Stat.

Informal Proceedings. Proceedings conducted under Subsection 120.57(2), Fla. Stat., and this Subsection shall be informal in nature and shall not involve disputed issues of material fact, unless otherwise agreed by the parties. Pursuant to Section 1006.07, Fla. Stat., all proceedings for expulsion of students

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

shall be conducted in accordance with this subsection whether or not such proceedings involve disputed issues of material fact.

An informal proceeding may be granted by the School Board upon written request made within 21 days after receipt of written notice of Board action, or written notice of intent to render a decision. However this requirement may be waived by the Board in case of student expulsions without consent of the parties. The notice shall state the time limit for requesting a hearing and shall reference this rule. If a hearing is held, the School Board may:

- a. Administer oaths and affirmations;
- b. Rule upon offers of proof and receive relevant evidence;
- c. Regulate the course of the hearing;
- d. Enter any order to carry out the purposes of Chapter 120, Fla. Stat.; and
- e. Make or receive offers of settlement, stipulation, and adjustment.

Submission of Evidence. Within 30 days of commencing the proceeding, the School Board shall provide all affected persons with an opportunity to submit written statements or other pleadings as provided in Section 120.57(2)(a)2., Fla. Stat. The affected persons shall be given 15 days to respond to evidence submitted pursuant to the above outlined procedures.

Final Order. The final order shall be issued in compliance with Section 120.59, Fla. Stat.

### Miscellaneous Proceedings.

Multi-tiered Hearings. party who has participated in a hearing shall not be allowed, consistent with the principles of res judicata and collateral estoppel, to raise identical issues already determined in a Section 120.57 proceeding in a subsequent administrative hearing. However, this does not preclude subsequent administrative review of School Board action when authorized by law.

When administrative review of School Board action is authorized by law, the reviewing agency shall not conduct a de novo hearing on the matter unless explicitly authorized to do so by law. The reviewing Agency shall base its review solely on the record compiled in the Section 120.57 proceeding and may allow oral argument concerning the content of, and issues raised in such record. The reviewing Agency shall issue a final order based on the record and shall either affirm, reverse or modify the prior agency action. Unless otherwise provided by law or rule, administrative review must be sought by petition to the reviewing Agency within 30 days following the rendition of the School Board's order. The party in possession of the record shall be responsible for compiling the record for review by the reviewing Agency. The reviewing Agency shall issue its final order within ninety (90) days of receipt of the record.

### Informal Dispute Resolution.

Unless otherwise provided by law or rule, informal disposition may be made of any proceeding or matter which may result in a Section 120.57 proceeding by stipulation, agreement, settlement or consent order. However, nothing herein shall require informal dispute resolution prior to seeking a Section 120.57 proceeding.

Any person entitled to be a party as defined in Section 120.52(10), Fla. Stat., who is substantially affected by School Board action, or proposed School Board action, may file a protest in writing with the School Board. The protest shall be submitted within ten (10) days after such person learns of the facts giving rise to the protest, but in no event shall the protest be submitted after final agency action.

Upon receipt of the protest, the School Board will endeavor to resolve the issues raised by the protest. If the School Board and protestant cannot agree upon a resolution within 15 days after receipt of the protest, or if the School Board fails to respond within said fifteen (15) day period, the protestant may

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proceed with a request of a Section 120.57 hearing. The protestant shall have fourteen (14) days from receipt of the School Board response, or from the conclusion or the fifteen (15) day period for Board response in which to request a Section 120.57 hearing.

The School Board shall whenever possible, respond to a protest within the 15 days period, and shall set forth its reasons for agency action or proposed agency action as fully as possible. The School Board shall also consider the matters raised in the protest and shall whenever possible, explain its position relative to such matters in its response.

Rule Proceedings under Section 120.57, Fla. Stat. At any time prior to the conclusion of a public hearing conducted under the provisions of Section 120.54(3), Fla. Stat., any person may assert that his substantial interests will be affected in the proceedings, and shall affirmatively demonstrate that the rulemaking proceedings do not provide an adequate opportunity to protect his substantial interests and request that the hearing be conducted under the provisions of Section 120.57 to the extent necessary to provide that opportunity and to protect his/her substantial interests.

Unless the School Board rejects the request at the time the right is asserted, within 48 hours after making such assertion the party shall file a petition with the person conducting the rulemaking proceeding substantiating the matter asserted by the party, setting forth specific facts supportive of the claim that the rulemaking proceedings will not provide an adequate opportunity to protect his substantial interests. The School Board shall determine the merits of the petition and issue its order granting or denying it. The School Board may hold a hearing for this purpose.

When a petition for a hearing under the provisions of Section 120.57 is granted, the rulemaking proceeding shall be suspended. Upon the conclusion of the Section 120.57 proceeding, the rulemaking proceeding shall be resumed. In no event shall the School Board file the proposed rule for adoption until a petition for a hearing under Section 120.57 has been denied or until the issues raised in the petition have been resolved by the School Board.

The petition shall be filed with the School Board. The Board may conduct the proceeding or it may request the Division of Administrative Hearings to assign a hearing officer to conduct the proceeding. If the School Board requests that the Division of Administrative Hearings assign a hearing officer to conduct the proceeding, the request shall be made within ten (10) days of the decision to proceed under Section 120.57, Fla. Stat.

Unless the School Board rejects the request at the time the right is asserted, the School Board shall publish notice in the appropriate manner prescribed by Section 120.54(1), Fla. Stat., that a petition has been filed. The notice shall contain sufficient information to advise substantially affected persons of the proceeding.

Protests from Contract Bidding Process. Any protest to an action or proposed action of the Board relating to a bid or bid award shall be resolved in the manner prescribed by Section 6.104 of these rules.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: Chapter 28-5, F.A.C.; 120.53(1)(b), 120.53(1)(c), §§ 1012.33., 1006.07, Fla. Stat.*

*History: New, June 12, 1989*

# CHAPTER ONE THE DISTRICT SCHOOL BOARD

## PART TWO THE DISTRICT SCHOOL BOARD

### **DEFINITIONS**

**1.201**

The following terms, wherever used or referred to in this compilation of Rules shall have the following meaning:

School District. Bay County shall constitute a school district and shall be known as "The School District of Bay County, Florida" and hereinafter referred to as "the District" or "the School District."

School Board. The governing body of the School District of Bay County is constituted a body corporate in the name of "The School Board of Bay County, Florida" and hereinafter referred to as "the Board" or "the School Board."

Superintendent. The responsibility for the administration of the schools and the supervision of instruction in the District is vested in the Superintendent who shall also be secretary and executive officer of the Board.

Principal. The term "principal" unless qualified, shall mean the administrative head of any school, and shall be synonymous with the term "building principal" as defined by Section 1012.01, Florida Statutes.

School. The term "school" shall mean any educational facility operated by the Board to which the Department of Education has assigned an administrative number.

Pupil or student. "Pupil" or "student" shall mean any person enrolled in an educational program operated by the Board.

He, his, or him. The terms "he," "his" or "him" as used herein shall be interpreted to include both the male and the female gender.

*Authority: § 1001.41, Fla. Stat.  
Law Implemented: § 1001.41, Fla. Stat.  
History: New, June 12, 1989*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **MEMBERSHIP OF THE BOARD**

**1.202**

The School Board of Bay County is composed of five (5) members elected by the qualified electors of the District. One (1) member is elected on a District-wide basis from each of the five School Board Member Residence Areas. Each member is elected for a term of four (4) years. Two (2) members are elected at the general election at the time of the presidential election and three (3) members are elected at the general election at the time of the gubernatorial election. The School Board Member Residence Areas are hereby established as follows:

Residence Area No. 1. As filed with the Clerk of the Circuit Court of Bay County. Such description is hereby adopted as a part of this rule by reference.

Residence Area No. 2. As filed with the Clerk of the Circuit Court of Bay County. Such description is hereby adopted as part of this rule by reference.

Residence Area No. 3. As filed with the Clerk of the Circuit Court of Bay County. Such description is hereby adopted as part of this rule by reference.

Residence Area No. 4. As filed with the Clerk of the Circuit Court of Bay County. Such description is hereby adopted as part of this rule by reference.

Residence Area No. 5. As filed with the Clerk of the Circuit Court of Bay County. Such description is hereby adopted as part of this rule by reference.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: § 1001.36, Fla. Stat.*

*History: New, June 12, 1989*

### **AUTHORITY AND RESPONSIBILITY**

**1.203**

The School Board is responsible for the organization and control of the public schools of the District and is empowered to determine the policies necessary for the effective operation and general improvement of the school system. The School Board will limit its actions to establishing policy and rules and to meeting the requirements prescribed by law and Rules of the State Board of Education. Board members have authority only when the Board is meeting in official session and a quorum is present. The School Board shall not be bound in any way by any action on the part of an individual Board member or an employee except when such action is taken in response to direction of or authorization of the Board.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: §§ 1001.32, 1001.37(4), Fla. Stat.*

*History: New, June 12, 1989*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **ORGANIZATION AND OFFICERS**

**1.204**

A Chairman and a Vice-Chairman shall be elected by the Board at its organizational meeting held in non-election years at a regular or special Board meeting in November and in election years on the third Tuesday after the first Monday in November; provided, that if a vacancy should occur in the Chairmanship, the Board will proceed to elect a Chairman at the next ensuing regular or special meeting.

The Chairman shall preside at all meetings of the Board, appoint committees, and perform such other duties as may be prescribed by law or action of the Board. The Vice-Chairman shall preside in the absence of the Chairman and shall perform such other duties of the Chairman as circumstances require.

The Superintendent, as provided by law, shall be the Secretary and Executive Officer of the School Board. At each organizational meeting, the Superintendent shall act as Chairman until the organization of the Board is completed. The Superintendent may call upon the various personnel employed by the Board for such information and data relative to their work as he may require in the performance of his duties and responsibilities. The Board Attorney shall be appointed at the Organizational Meeting.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: § 1001.371, Fla. Stat.*

*History: New, June 12, 1989*

*Revised: February 24, 2015*

### **PARTICIPATION IN ORGANIZATIONAL ACTIVITIES**

**1.205**

Each of the Board members is encouraged to participate in the activities and programs conducted by state, regional and national associations of school boards. The Superintendent shall include an amount in each proposed annual budget to cover expenses of participation in such activities by Board members.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: § 1001.41, Fla. Stat.*

*History: New, June 12, 1989*

## CHAPTER ONE THE DISTRICT SCHOOL BOARD

### **BOARD MEETINGS**

**1.206**

Regular meetings of the School Board will be held on the day and time as established by the Board at their annual organizational meeting in November. The date of a regular meeting may be changed by action of the Board at any previous meeting; provided, that every member is notified either by letter or by distribution of the minutes carrying a record of the change. Special meetings may be called, as needed, in the manner prescribed by Section 1.102 . Public notice shall be given for all meetings in the manner prescribed by Section 1.102.

Place of Meetings. The first regular meeting of each month shall be held at the Board Meeting Room of the District Administrative Offices in Panama City, Florida. However, the location of such meetings may be changed upon giving appropriate notice when the Board determines that the public interest can be served best by holding the meeting elsewhere.

Quorum. A majority shall constitute a quorum for any meeting of the school Board. No business may be transacted unless a quorum is present, except a minority may adjourn the meeting from time to time until a quorum is present.

Voting Interpretation. The vote shall be unanimous if all members vote in the affirmative or in the negative on any question or issue. All members of the Board, including the Chairman, shall vote on all questions and issues except where a conflict of interest exists. The vote of each member shall be recorded in the minutes on each issue.

Minutes. The official minutes of the Board shall be kept by the Superintendent as prescribed by law. The minutes shall be maintained in a safe and secure place and shall be made available to any citizen desiring to examine the minutes during regular office hours. If any member of the Board or the Superintendent wishes any of his/her statements recorded, he/she may request that such become a part of the official minutes. Any other matter may be made a part of the official minutes by direction of the Chairman or by a majority vote of the Board. The minutes shall be reviewed, corrected if necessary, and approved at the next regular meeting. However, minutes may be approved at an intervening special meeting if the Board desires. The minutes shall be signed by the Superintendent and the Chairman after being approved.

Rules of Order. The rules of order for all meetings of the School Board shall be as follows:

- (a) A quorum being present at the hour at which the Board meeting is duly scheduled, the Chairman shall take the chair, call the meeting to order, and proceed with the business of the meeting.
- (b) Should a quorum be assembled at the hour appointed and the Chairman be absent, the Vice-Chairman or a Chairman pro-tem shall serve during that meeting or until the Chairman or Vice-Chairman shall appear.
- (c) It shall be the duty of the Chairman to preserve order at all times and to endeavor to conduct all business which comes before the Board with propriety and dispatch.
- (d) Items on the agenda may be discussed without the necessity of a motion or second.
- (e) The Chairman by virtue of his/her membership shall exercise his/her legal responsibility to vote on every question or issue coming before the Board.
- (f) A motion when made must be seconded and then, if requested by a member, repeated distinctly by the Chairman or the Board Secretary. Any motion may be reduced to writing if the Chairman or any member so desires.
- (g) Any member who has made a motion shall have the liberty of withdrawing his/her motion, with the consent of his/her second, prior to the vote being taken.
- (h) The consideration of any question may be postponed to a specific time or the question may be suppressed altogether by an indefinite postponement.

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

- (i) A motion once voted down may not be renewed at the same meeting of the Board without the consent of a majority of the members of the Board.
- (j) An amendment may be made to any motion and shall be decided before the original motion, but no more than one amendment to an amendment shall be entertained.
- (k) A motion for adjournment shall always be in order and shall be decided without debate, except that such motion may not be entertained when the Board is voting on another question or while a member is addressing the Board.
- (l) A motion to order the previous question ("call the question") is not debatable and requires the affirmative vote from three members of the Board. The call for the previous question shall not cut off any pending amendment but the vote shall be taken without debate on the amendments in their order and finally the main question.
- (m) No member shall be interrupted while speaking unless he/she is out of order, or for the purpose of correcting mistakes or a misrepresentation.
- (n) Any question not covered by the above rules shall be governed by Chairman's rules.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: §§ 1001.371, 1001.372(2), 1001.37(4), 1001.42, Fla. Stat.*

*History: New, June 12, 1989*

*Revised June 25, 1992, June 14, 2000; November 14, 2007*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **PROCEDURES FOR MAKING A FORMAL PRESENTATION TO THE BOARD**

**1.207**

Any person or group desiring to make a formal presentation to the Board or to address the Board relative to a specific matter shall file with the Superintendent, at least 7-1/2 days prior to a meeting, a written request to be placed on the agenda. Such request shall contain the following information:

- (1) Name and address of the person making the request.
- (2) The organization or group, if any, represented.
- (3) Content of the information to be presented. If written material is to be passed out, a copy of such material shall accompany the request.
- (4) If made against an individual, any charges or information to be presented that might be considered derogatory or of a serious nature shall be presented in writing and shall be in the form of an affidavit. A copy of such charges shall be sent to the individual concerned. If possible, any such charge shall be investigated prior to consideration.

The Superintendent shall respond verbally or in writing to any person or group requesting to be placed on the agenda. If the agenda for the meeting is unduly long, the Superintendent shall place the presentation request on the agenda for the next regular meeting. If a question should arise regarding the granting of a request, the Superintendent and the Chairman of the Board shall confer and the Chairman shall make the decision.

The Superintendent shall furnish an exact copy of the request to each Board member in time to permit him/her to study the matter prior to the Board meeting.

The Superintendent shall promptly investigate the subject matter of the request and shall furnish each Board member a written report of his findings and recommendations in time to allow the Board member of review the matter prior to the Board meeting.

It is the intent of the Board to provide adequate time for discussion on each topic so that each citizen desiring to address the Board has ample time to do so. However, when it appears that public discussion will take an excessive amount of time and is not necessary in order to adequately address the issue under consideration, the Chairman, in his discretion, may place limits on the amount of time allotted to each speaker or to the proponents or opponents on a particular issue. Any such limits shall afford equal time to each side of an issue. The Board may override any such limits imposed by the Chairman by majority vote of the members present.

Any person or representative of an organization or group not having made arrangements as herein prescribed may be heard, at the discretion of the Board, at the end of the regular agenda of the Board meeting.

The provisions of this Rule shall not apply to hearings conducted pursuant to Chapter 120, Fla. Stat. Such proceedings shall be conducted in the manner prescribed by Sections 1.103, 1.104, and 1.105.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: §§ 1001.42, 1001.41, Fla. Stat.*

*History: New, June 12, 1989*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **BOARD COMMITTEES**

**1.208**

Committees. Committees may be appointed by the Chairman when requested by the Board. The duties of any such committee shall be outlined at time of appointment and the committee shall be automatically dissolved upon acceptance by the Board of its final report or by vote by the Board. Committees or individuals serving on committees may take no action binding upon the Board. However, their reports to the Board may contain recommendations for action to be taken by the Board. Each member of the Board shall be notified of all committee meetings, but he/she shall have no vote. All meetings of Board committees shall be open to the public.

*Authority: § 1001.41, Fla. Stat.  
Law Implemented: § 1001.41, Fla. Stat.  
History: New, June 12, 1989  
Revised: August 9, 2000*

### **LEGAL COUNSEL**

**1.209**

The School Board shall obtain an attorney, from outside its own membership, who shall act as legal advisor to the Board and the administrative staff. The Board shall provide a written contract for its attorney which shall specify duties and responsibilities and compensation to be paid. Special counsel may be retained to assist the Board attorney in any litigation or other matter when specifically approved by the School Board. The Board Attorney shall be appointed at the Organizational Meeting each year. When additional legal services are needed by the Superintendent or School Board, the Board may employ or retain a competent attorney to render such services. When approved by the School Board, the attorney is authorized to provide legal services for officers or employees of the Board who are charged with civil or criminal actions arising out of and in the course of the performance of assigned duties and responsibilities.

*Authority: § 1001.41, Fla. Stat.  
Law Implemented: § 1012.26, Fla. Stat.; 6A-1.42, SBER  
History: New, June 12, 1989*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **The School Board (Ethics)**

**1.210**

School Board Members will:

1. Attend all regularly scheduled Board meetings insofar as possible, and become informed concerning the issues to be considered at those meetings.
2. Set the standards for the district through Board policy. Board members do not manage the district on a day-to-day basis.
3. Individual Board members may not commit the Board to any action.
4. Encourage the free expression of opinion by all Board members, and seek systematic communications between the Board and students, staff, and all elements of the community.
5. Respect the right of other Board members to have opinions and ideas that differ.
6. Communicate to Board members and the Superintendent expression of public reaction to Board policies and school programs.
7. Recognize that decisions are made by a majority vote and accept those decisions as a team.
8. Make decisions only after the facts are presented and discussed.
9. Recognize that the Board and employees must comply with the Code of Ethics for Public Officers and Employees (Chapter 112, Florida Statutes).
10. Understand the chain of command and refers problems or complaints to the proper administrative office.
11. Recognize that the it must comply with the Public Meetings Law and has authority to make decisions only at official Board meetings.
12. Insist that all Board and District business is ethical and honest.
13. Recognize the authority of the Superintendent and will not attempt to circumvent the Superintendent's authority.
14. Take action only after hearing the Superintendent's recommendations.
15. Refuse to use Board membership for personal or family gain or prestige. Any conflicts of interest shall be publically announced before Board action is taken.
16. Give the staff the respect and consideration due skilled professional employees.
17. Present personal criticism of District operations to the Superintendent, not to District staff or at a Board meeting.
18. Respect the right of the public to attend and observe Board meetings.
19. Respect the right of the public to be informed about District decisions and school operations as allowed by law.

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

*Authority: §1001.41, Fla. Stat.*

*Law Implemented: §1001.41, Fla. Stat.*

*History: New, May 27, 2009*

*Revised: July 21, 2010 (without requirement of meeting)*

# CHAPTER ONE THE DISTRICT SCHOOL BOARD

## PART THREE THE SUPERINTENDENT OF SCHOOLS

### **RESPONSIBILITIES**

**1.301**

The Superintendent shall be the chief executive and administrative officer of the Board and shall have, in addition to the powers and duties specifically imposed by law, all executive and administrative powers and duties in connection with the conduct of the schools which are not required by statute to be exercised directly by the Board. It shall be the duty of the Superintendent to complete all executive and administrative transactions not required by law or resolution to be brought before the Board and to prepare all other matters of administrative procedure or policy for Board approval. The enumeration in this section, or elsewhere in these rules, of specific powers and duties shall not be construed to derogate from the generality of duties hereby imposed.

General Supervisory Duties. It shall be the responsibility of the Superintendent to direct and supervise the work of all the schools, offices, and employees of the Board; all such employees shall be subordinate to the Superintendent in all matters, including those specifically assigned by these Rules to a particular unit or supervisor.

Administrative Duties. The Superintendent shall be directly responsible for the administrative duties of his office. In cooperation with the principals, directors, and supervisors, he shall assign teachers to their respective teaching duties and shall appraise the qualities of their respective services; he shall assist principals with the organization and internal operation of their respective schools; he shall assist in securing facilities, personnel, and materials necessary to permit effective functioning of the educational program.

The Superintendent shall supervise the collecting, recording, and disbursing of all funds collected within the several schools in accordance with the Rules of the School Board.

As chief executive officer of the School Board, the Superintendent is responsible for representing the Board in matters of collective bargaining with certified bargaining agents of employee organization. In fulfilling this responsibility, the Superintendent may designate one or more persons to represent him in collective negotiations sessions.

Other Duties. It shall be the duty of the Superintendent to enforce the Rules of the Board, to prepare and submit the annual budget for adoption by the Board, to approve and direct all expenditures within the appropriations adopted by the Board, to submit the annual calendar for adoption by the Board, to make continuous study of the development and needs of the schools, to prepare reports to the Board on the conditions and needs of the schools, and to acquaint the public with the activities and needs of the schools.

*Authority: § 1001.41, Fla. Stat.*

*Law Implemented: §§ 1001.49, 1001.51, 447.010, Fla. Stat.*

*History: New, June 12, 1989*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **DIRECTIVES, PROCEDURES, ADMINISTRATIVE MANUALS**

**1.302**

The Superintendent shall have authority to issue such directives and to prescribe such procedures as may be necessary to carry out the purpose and intent of School Board Rules. The Superintendent shall also have the authority to issue administrative manuals or guidelines as he may deem necessary for the effective administration of the schools and shall distribute them to the employees directly concerned. A copy of each administrative manual, procedure, or guideline shall be forwarded to each Board Member prior to implementation. Insofar as the provisions of such manuals are procedural in nature and consistent with officially adopted Rules of the School Board, the provisions thereof shall be binding upon all employees.

*Authority: § 1001.41, Fla. Stat.  
Law Implemented: § 1001.49, Fla. Stat.  
History: New, June 12, 1989*

### **EMERGENCIES**

**1.303**

In case of an emergency, the Superintendent may suspend any part of these Rules; provided, that he/she shall report the fact of and the reason for such suspension promptly to the School Board; and provided further, that the suspension shall expire at the next meeting of the Board unless continued in effect by action of the School Board. In case of an emergency, the Superintendent may close any or all schools. The members of the School Board shall be informed immediately of any event or conditions which require the closing of a school or the schools of the district. In any case not covered by these Rules, the Superintendent shall base the decision on his/her best professional judgment.

*Authority: § 1001.41, Fla. Stat.  
Law Implemented: §§ 1001.49, 1001.51, Fla. Stat.  
History: New, June 12, 1989*

## **CHAPTER ONE THE DISTRICT SCHOOL BOARD**

### **DELEGATION OF AUTHORITY**

**1.304**

When it becomes expedient for the Superintendent to delegate authority, he/she shall assume full responsibility for the execution and satisfactory completion of any activity resulting from such delegated authority. The Superintendent may not delegate authority in any matter requiring the exercise of independent judgment which, by statute or by Rule of the Board, is his direct responsibility. As a general rule all reports and recommendations to the Board from any employee shall be made through the Superintendent.

Any official communication between the Board and its employees shall be directed through the Superintendent.

Except where specifically prohibited by law, and within the guidelines outlined in 1.304 above, the Superintendent shall have the authority to appoint designees to ensure the efficient operation of the District and the schools.

*Authority: § 1001.41, Fla. Stat.  
Law Implemented: § 1001.49, Fla. Stat.  
History: New, June 12, 1989  
Revised: October 11, 1989*

### **COMPENSATION OF SUPERINTENDENT**

**1.305**

The Superintendent shall be paid compensation in the amount prescribed by Section 1001.47, Fla. Stat.

*Authority: § 1001.41, Fla. Stat.  
Law Implemented: § 1001.47, Fla. Stat.  
History: New, June 12, 1989*



February 6, 2018

To the members of the Triumph Gulf Coast Board:

Our organization wishes to submit this letter of support for Bay District Schools Triumph Gulf Coast, Inc. Trust Fund Grant application for the following projects: STEM Training Center, Welding Workforce Training Lab, and the Industrial Pipefitter Program.

Our region struggles to fill job vacancies in all of the above categories due to the lack of a trained workforce. Bay District Schools has long been a supporter of our business community in striving to meet their employment needs. This grant is certain to take our school system to the next level allowing our regional area to not only assist existing industry but to make us more competitive in recruitment of larger employers.

Bay District Schools has championed a mission to provide equitable educational opportunity to over 27,000 students from Pre-K to 12<sup>th</sup> grade representing a racially and socioeconomically diverse student population in Bay County. The school district strives to enhance student opportunities even more through offering high-quality academic programs in Science, Technology, Engineering and Math (STEM) as well as career and technical education that lead to fruitful career pathways. The funding of the submitted projects ensure that our schools have the resources to further develop such pathways toward a workforce pipeline area industries can depend on.

The Bay County Chamber of Commerce fully endorses the goals of Bay District Schools. The school district has been an exceptional partner with Chamber programs such as Career Connections. This program identifies students who are not necessarily college bound and educates them on certificate programs and employers in Bay County where they can obtain a great future here at home in Northwest Florida. Our Junior Leadership Bay program has succeeded due to the cooperation of the school system whereby educating students on opportunities in Bay County and leadership roles that they may pursue. The Educators In Industry program is yet another long term partnership where counselors are brought out into the community so they have a full understanding of workforce opportunities and needs in Bay County as they guide our students toward future employment.

The submitted pre-applications for these projects have already earned the recommendation of the Bay County Board of Commissioners, thus demonstrating a potential for transformational change not only in the lives of Bay County residents but in the economic landscape for the entire Northwest Florida region.

The Board of Directors of the Bay County Chamber of Commerce thanks you in advance for your consideration to support Bay District Schools and your assistance to help us build a better Bay County.

Respectfully submitted,

A handwritten signature in black ink, reading "Carol A. Roberts". The signature is written in a cursive, flowing style.

Carol A. Roberts  
President/CEO



DATE 2/14/2018

To the members of the Gulf Coast Triumph Board:

I wish to submit this letter of support for Bay District Schools' Triumph Gulf Coast, Inc Trust Fund Grant application for the following projects: STEM Training Center, Manufacturing Academy Expansion, and the Industrial Pipefitter Program.

Bay District Schools has championed a mission to provide equitable educational opportunities to over 27,000 students from Pre-K to 12<sup>th</sup> grade representing a racially and socioeconomically diverse student population in Bay County. The school district strives to enhance student opportunities even more through offering high-quality academic programs in Science, Technology, Engineering and Math (STEM) as well as career and technical education that lead to successful career pathways. The funding of the submitted projects ensures that our district has the resources to develop career pathways toward a workforce pipeline, area industries can depend on for employees.

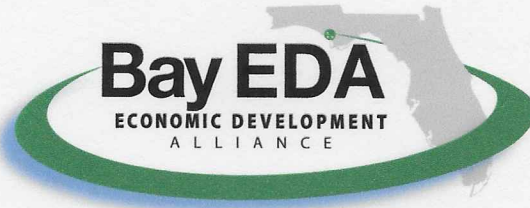
Maritech Machine Inc fully endorses Bay District Schools' proposal for funding as we believe growth of jobs in the county will be in the manufacturing sector. We are the direct beneficiary of the education provided by BDS and specifically Tom P. Haney. Additionally, we continue to look for qualified students/candidates to fuel our growth and future expansion.

The submitted pre-applications for these projects have already earned the recommendation of the Bay County Board of Commissioners, thus demonstrating a potential for transformational change--not only in the lives of Bay County residents but in the economic landscape for the entire Northwest Florida region.

Respectfully submitted,

Name                      Ed Phelan

Position                  V. P. of Business Development



February 21, 2018

To the members of the Gulf Coast Triumph Board:

I wish to submit this letter of support for Bay District Schools' Triumph Gulf Coast, Inc Trust Fund Grant application for the following projects: STEM Training Center, Welding Workforce Training Lab, and the Industrial Pipefitter Program.

Bay District Schools has championed a mission to provide equitable educational opportunity to over 27,000 students from Pre-K to 12<sup>th</sup> grade representing a racially and socioeconomically diverse student population in Bay County. The school district strives to enhance student opportunities even more through offering high-quality academic programs in Science, Technology, Engineering and Math (STEM) as well as career and technical education that lead to fruitful career pathways. The funding of the submitted projects ensure that our schools have the resources to further develop such pathways toward a workforce pipeline area industries can depend on.

The Bay Economic Development Alliance fully endorses Bay District Schools goals. It is critically important that we have robust, sustainable educational programs to support our economic development recruitment efforts while we continue to find ways to strengthen our regional economy.

The submitted pre-applications for these projects have already earned the recommendation of the Bay County Board of Commissioners, thus demonstrating a potential for transformational change not only in the lives of Bay County residents but in the economic landscape for the entire Northwest Florida region.

Respectfully submitted,

A handwritten signature in black ink that reads "Becca B. Hardin". The signature is written in a cursive style with a large, stylized "B" and "H".

Becca Hardin

Bay EDA, President

February 5, 2018

To the Members of the Gulf Coast Triumph Board:

I wish to submit this letter of support for Bay District Schools' Triumph Gulf Coast, Inc. Trust Fund Grant application for the following projects: STEM Training Center, Welding Workforce Training Lab, and the Industrial Pipefitter Program.

Bay District Schools has championed a mission to provide equitable educational opportunity to over 27,000 students from Pre-K to 12<sup>th</sup> grade representing a racially and socioeconomically diverse student population in Bay County. The school district strives to enhance student opportunities even more through offering high-quality academic programs in Science, Technology, Engineering and Math (STEM) as well as career and technical education that lead to fruitful career pathways. The funding of the submitted projects ensure that our schools have the resources to further develop such pathways toward a workforce pipeline area industries can depend on.

HealthSouth Emerald Coast Rehabilitation Hospital, fully endorses Bay District Schools objectives and goals. HealthSouth supports Bay District Schools in several direct and indirect ways. We support Bay Education Foundation, which provides scholarships to deserving students. Junior Leadership Bay, which develops and prepares students to be active and contributing members of our community. In addition, Junior Achievement, which works to create a better-prepared and success-oriented workforce.

The submitted pre-applications for these projects have already earned the recommendation of the Bay County Board of Commissioners, thus demonstrating a potential for transformational change not only in the lives of Bay County residents but also in the economic landscape for the entire Northwest Florida region.

HealthSouth Emerald Coast Rehabilitation Hospital fully supports Bay District Schools' Triumph Gulf Coast, Inc., Trust Fund Grant application for STEM Training Center, Welding Workforce Training Lab, and the Industrial Pipefitter Program. **We believe this Grant will provide many more opportunities for the students of Bay County and will create a better-prepared and successful workforce, which will be a true enticement to new and existing businesses looking to open, move or grow in the Bay County area.**

Respectfully,



Tony Bennett  
Chief Executive Officer

TB:bp



February 8, 2018

**To the members of the Gulf Coast Triumph Board:**

I wish to submit this letter of support for Bay District Schools' Triumph Gulf Coast, Inc Trust Fund Grant application for the following projects: STEM Training Center, Welding Workforce Training Lab, and the Industrial Pipefitter Program.

Bay District Schools has championed a mission to provide equitable educational opportunity to over 27,000 students from Pre-K to 12<sup>th</sup> grade representing a racially and socioeconomically diverse student population in Bay County. The school district strives to enhance student opportunities even more through offering high-quality academic programs in Science, Technology, Engineering and Math (STEM) as well as career and technical education that lead to fruitful career pathways. The funding of the submitted projects ensure that our schools have the resources to further develop such pathways toward a workforce pipeline area industries can depend on.

Oceanneering fully endorses Bay District Schools goals. We have worked with the school district as a partner in their Elevate Bay initiative, targeting at risk students at Lucille Moore Elementary, by providing mentoring and support to both individual students and their staff as the school district works to improve overall student performance throughout the area.

The submitted pre-applications for these projects have already earned the recommendation of the Bay County Board of Commissioners, thus demonstrating a potential for transformational change not only in the lives of Bay County residents but in the economic landscape for the entire Northwest Florida region.

Regards,

A handwritten signature in black ink, appearing to read "T. Landreth", followed by a long horizontal line extending to the right.

Thomas Landreth  
General Manager

**Oceanneering International, Inc. Subsea Distribution Solutions**

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Direct Dial: 850.784.8275  
Fax: 850.763.0802  
Email: [sherry.knighten@bergpipe.com](mailto:sherry.knighten@bergpipe.com)

February 15, 2018

I wish to submit this letter of support for Bay District Schools' Triumph Gulf Coast, Inc. Trust Fund Grant application for the following projects: STEM Training Center, Manufacturing Academy Expansion, and the Industrial Pipefitter Program.

Bay District Schools has championed a mission to provide equitable educational opportunities to over 27,000 students from Pre-K to 12<sup>th</sup> grade representing a racially and socioeconomically diverse student population in Bay County. The school district strives to enhance student opportunities even more through offering high-quality academic programs in Science, Technology, Engineering and Math (STEM) as well as career and technical education that lead to successful career pathways. The funding of the submitted projects ensures that our district has the resources to develop career pathways toward a workforce pipeline area industries can depend on for employees.

Berg Steel Pipe, Inc. fully endorses Bay District Schools' proposal for funding. One of our goals at Berg is to fully support active engagement amongst high school students in our area towards careers in Engineering and Manufacturing. We are excited about the possibilities this grant holds for our local and regional area.

The submitted pre-applications for these projects have already earned the recommendation of the Bay County Board of Commissioners, thus demonstrating a potential for transformational change--not only in the lives of Bay County residents but in the economic landscape for the entire Northwest Florida region.

If you have questions, I can be contacted at 850-784-8275, or at [sherry.knighten@bergpipe.com](mailto:sherry.knighten@bergpipe.com).

Sincerely,

Sherry Knighten,  
Director of Human Resources



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