

*In the opinion of Special Counsel, assuming continuing compliance by the School Board and Corporation with certain covenants in the Trust Agreement and the Series 2010 Lease Agreement and the Series 2017 Lease Agreement (each as defined herein), under existing statutes, regulations, rulings, and judicial decisions, the Interest Component of the Basic Rent Payments of the Series 2017 Certificates will be excluded from gross income for federal income tax purposes of the Owners thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, the Interest Component of the Basic Rent Payments of the Series 2017 Certificates shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. No opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2017 Certificates following termination of the Series 2010 Lease Agreement and the Series 2017 Lease Agreement as a result of an Event of Non-Appropriation or an Event of Default thereunder. See “TAX MATTERS” herein for a description of other tax consequences to Owners of the Series 2017 Certificates.*


**\$36,580,000**
**CERTIFICATES OF PARTICIPATION, SERIES 2017**
**Evidencing an Undivided Proportionate Interest of Owners thereof**
**in Basic Rent Payments to be made by the School Board of Walton County, Florida, as Lessee**
**pursuant to a Master Lease-Purchase Agreement with**
**Walton County Public Education Finance Authority, Inc., as Lessor**
**Dated: Date of Delivery**
**Due: July 1, as shown on the inside cover**

The Certificates of Participation, Series 2017 referenced above (the “Series 2017 Certificates”) evidence an undivided proportionate interest in Basic Rent Payments (as defined herein) to be made by The School Board of Walton County, Florida (the “School Board”) under a Master Lease-Purchase Agreement dated as of June 1, 1999, as amended and supplemented from time to time (the “Master Lease”), with the Walton County Public Education Finance Authority, Inc. (the “Corporation”), as particularly supplemented by (i) the Amended and Restated Lease Schedule No. 2010, dated as of October 1, 2017 (the “Amended and Restated Lease Schedule No. 2010” and, together with the Master Lease, the “Series 2010 Lease Agreement”), and (ii) the Lease Schedule No. 2017, dated as of October 1, 2017 (the “Lease Schedule No. 2017” and, together with the Master Lease, the “Series 2017 Lease Agreement”). The Series 2017 Certificates are being issued to (i) finance a portion of the cost of the acquisition, construction, installation and/or equipping of the Series 2017 Project (as defined herein), (ii) to refinance a portion of the cost of the acquisition, construction, installation and/or equipping of the Series 2010 Project (as defined herein) by refunding the outstanding Certificate of Participation, Series 2010, and (iii) to pay costs associated with the issuance of the Series 2017 Certificates. When issued, the Series 2017 Certificates will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Series 2017 Certificates (the “Beneficial Owners”) will not receive physical delivery of the Series 2017 Certificates and ownership by the Beneficial Owners of the Series 2017 Certificates will only be evidenced by the book-entry procedures of DTC. As long as Cede & Co. (or other approved nominee) is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner, which will, in turn, remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. Individuals may purchase beneficial interest in the Series 2017 Certificates in the amount of \$5,000 each or integral multiples thereof.

Certain of the Series 2017 Certificates are subject to optional prepayment prior to their stated maturities as set forth herein. See “THE SERIES 2017 CERTIFICATES – Optional Prepayment” herein. The Series 2017 Certificates are not subject to extraordinary mandatory prepayment as set forth herein. See “THE SERIES 2017 CERTIFICATES – No Extraordinary Mandatory Prepayment” herein.

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONIES TO MAKE BASIC RENT PAYMENTS. THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE SCHOOL BOARD’S AVAILABLE REVENUES AND NEITHER THE SCHOOL BOARD, THE STATE OF FLORIDA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2010 LEASE AGREEMENT OR THE SERIES 2017 LEASE AGREEMENT EXCEPT FROM AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE SCHOOL BOARD. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE SCHOOL BOARD UNDER THE SERIES 2010 LEASE AGREEMENT AND THE SERIES 2017 LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE SCHOOL BOARD UNDER THE SERIES 2010 LEASE AGREEMENT AND THE SERIES 2017 LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE SCHOOL BOARD, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE ISSUANCE OF THE SERIES 2017 CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE SCHOOL BOARD, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION OF THE SCHOOL BOARD OR ANY OTHER GOVERNMENTAL ENTITY. SEE “RISK FACTORS” HEREIN.

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of the transaction. Investors must read the entire Offering Statement to obtain information essential to the making of an informed investment decision.

*The Series 2017 Certificates are offered when, as and if delivered by the Underwriters, subject to an approving legal opinion of Bryant Miller Olive P.A., Tallahassee, Florida, Special Counsel, and certain other conditions. Bryant Miller Olive P.A., Tallahassee, Florida is acting as Disclosure Counsel to the School Board. Certain legal matters will be passed upon for the School Board and for the Corporation by its Counsel, Ben L. Holley, Esquire, Crestview, Florida, and for the Underwriters by its Counsel, Holland & Knight LLP, Lakeland, Florida. PFM Financial Advisors LLC, Orlando, Florida is acting as Financial Advisor to the School Board. It is expected that the Series 2017 Certificates in book-entry-only form will be available through the facilities of DTC for delivery in New York, New York on or about October 11, 2017.*

**Stifel, Nicolaus & Company, Incorporated**
**Citigroup**
**SunTrust Robinson Humphrey**

Dated: September 28, 2017.

**MATURITIES, PRINCIPAL AMOUNTS,  
INTEREST RATES, YIELDS, PRICES, AND INITIAL CUSIP NUMBERS**

**\$36,580,000 Serial Series 2017 Certificates**

<b><u>Maturity (July 1)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>Initial CUSIP Numbers**</u></b>
2018	\$1,070,000	4.000%	1.000%	102.152	93340LCD7
2019	1,060,000	4.000	1.100	104.932	93340LCE5
2020	2,285,000	5.000	1.210	110.117	93340LCF2
2021	1,245,000	5.000	1.350	113.204	93340LCG0
2022	1,305,000	5.000	1.540	115.698	93340LCH8
2023	1,370,000	5.000	1.720	117.799	93340LCJ4
2024	1,440,000	5.000	1.910	119.403	93340LCK1
2025	1,515,000	5.000	2.110	120.491	93340LCL9
2026	1,590,000	5.000	2.280	121.400	93340LCM7
2027	1,670,000	5.000	2.410	122.325	93340LCN5
2028	1,750,000	5.000	2.590*	120.592*	93340LCP0
2029	1,840,000	5.000	2.720*	119.358*	93340LCQ8
2030	1,930,000	5.000	2.800*	118.607*	93340LCR6
2031	2,030,000	5.000	2.870*	117.954*	93340LCS4
2032	2,130,000	5.000	2.940*	117.305*	93340LCT2
2033	2,235,000	5.000	3.010*	116.661*	93340LCU9
2034	2,345,000	5.000	3.070*	116.112*	93340LCV7
2035	2,465,000	5.000	3.120*	115.656*	93340LCW5
2036	2,590,000	5.000	3.160*	115.294*	93340LCX3
2037	2,715,000	5.000	3.200*	114.932*	93340LCY1

\* Yield and Price calculated to the first optional prepayment date of July 1, 2027.

\*\* The School Board is not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the School Board as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Offering Statement.

## ADDITIONAL INFORMATION

Upon the occurrence of an Event of Non-Appropriation, the Lease Term of the Series 2010 Lease Agreement and the Series 2017 Lease Agreement shall, and upon the occurrence of an Event of Default may, be terminated with respect to the Series 2010 Project and the Series 2017 Project, respectively, and the Series 2017 Certificates. Upon any such termination, any proceeds of the disposition of leased Projects (as defined herein) will be applied to the payment of the related Certificates (as defined herein), all as further described herein. In no event will owners of Certificates have any interest in or right to any proceeds of the disposition of facilities leased under any Lease Schedule other than the Lease Schedule related to the respective Project. No opinion is expressed by Special Counsel as to the effect of securities laws with respect to the Series 2017 Certificates following an Event of Non-Appropriation or certain Events of Default under the Master Lease which results in termination of the Series 2010 Lease Agreement and the Series 2017 Lease Agreement. In addition, following termination of the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, transfers of the Series 2017 Certificates may be subject to compliance with the registration provisions of state and federal securities laws (see "TAX MATTERS" and "RISK FACTORS" herein).

The current Lease Terms of the Series 2010 Lease Agreement and the Series 2017 Lease Agreement will continue through and including June 30, 2018. The Series 2010 Lease Agreement is automatically renewable annually thereafter through June 30, 2021, unless earlier terminated as described in the Series 2010 Lease Agreement. The Series 2017 Lease Agreement is automatically renewable annually thereafter through June 30, 2038, unless earlier terminated as described in the Series 2017 Lease Agreement. In addition to the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, the School Board has previously entered into the Series 1999 Lease Agreement, as amended and restated by the Series 2005 Lease Agreement, and the Series 2015 Lease Agreement (each as defined herein), and may enter into other leases under the Master Lease. Prior to the issuance of the Series 2017 Certificates, there are four schools leased under the Master Lease. **Based on the District's actual enrollment of approximately 9,694 students as of September 1, 2017, approximately 29.73% of the District's students will attend classes in, or otherwise utilize, facilities leased under the Master Lease (but not including the Series 2017 Project to be leased under the Series 2017 Lease Agreement) during the Fiscal Year 2017-18.** To determine the above percentage, the number of students attending each facility was calculated as follows: for schools that are built and operating, the number of students for the Fiscal Year 2017-18 was used. *The School Board may not budget and appropriate for a portion of the Projects leased under the Master Lease; it must budget and appropriate for all Projects or none of them.*

The Series 2017 Certificates are being issued by U.S. Bank National Association, as successor Trustee (the "Trustee"), as fully registered certificates in denominations of \$5,000 or any integral multiple thereof, pursuant to the provisions of a Trust Agreement, dated as of June 1, 1999, as amended and supplemented, and as particularly amended and supplemented by the Series 2017 Supplemental Trust Agreement, dated as of October 1, 2017 (collectively, the "Trust Agreement"), among the Corporation, the School Board, and the Trustee. The Interest Component of Basic Rent Payments represented by the Series 2017 Certificates is payable on January 1 and July 1 of each year, commencing January 1, 2018 (a "Payment Date"). When issued, the Series 2017 Certificates will initially be registered in the name of Cede & Co., as registered owner and nominee for DTC. The Beneficial Owners will not receive physical delivery of the Series 2017 Certificates. Ownership by the Beneficial Owners of the Series 2017 Certificates will be evidenced through a book-entry-only system of registration. As long as Cede & Co., is the registered owner as nominee of DTC, payment of the Principal Component and Interest Component of the Basic Rent Payments represented by the Series 2017 Certificates will be made directly to Cede & Co.,

which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. Individuals may purchase beneficial interests in the Series 2017 Certificates in the amount of \$5,000 or integral multiples thereof. Interest will be paid by check or draft of the Trustee, as Paying Agent and Registrar, mailed on each Payment Date to Owners listed in the registration books maintained by the Trustee on the 15th day of the month (whether or not a business day) next preceding each Payment Date (the "Record Date"); provided however, that at the request and expense of the Owner of \$1,000,000 or more in aggregate principal amount of Series 2017 Certificates, interest shall be paid by wire transfer on the Payment Date to a bank account located in the continental United States and designated in writing to the Trustee by said Owner five days prior to such Payment Date. The Principal Component of Basic Rent Payments represented by the Series 2017 Certificates is payable to Owners upon presentation and surrender, when due, at maturity or earlier redemption, at the designated corporate trust office of the Trustee in Orlando, Florida.

**THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**  
**DeFuniak Springs, Florida**

**SCHOOL BOARD MEMBERS**

Kim Kirby, Chairperson  
William Eddins, Jr., Vice Chairperson  
Jason Catalano  
Gail Smith  
Marsha Winegarner

**DISTRICT OFFICIALS**

**Superintendent of Schools**  
A. Russell Hughes

**Chief Finance Officer**  
Debra Noyes

**COUNSEL TO THE SCHOOL BOARD AND THE CORPORATION**

Ben L. Holley, Esquire  
Crestview, Florida

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Tallahassee, Florida

**DISCLOSURE COUNSEL**

Bryant Miller Olive P.A.  
Tallahassee, Florida

**FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
Orlando, Florida

**TRUSTEE**

U.S. Bank National Association  
Orlando, Florida

This Offering Statement does not constitute an offer to sell the Series 2017 Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, sales representative, or other person has been authorized to give any information or make any representations other than as contained in this Offering Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of the Series 2017 Certificates by any person in any jurisdiction to which it is unlawful for such person to make such offer, solicitation, or sale.

The information contained in this Offering Statement has been obtained from the School Board, DTC, and other sources that are considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. However, such information is not to be construed as a representation of the School Board, the Corporation, the Trustee, the Financial Advisor, or the Underwriters. Any statements in this Offering Statement involving estimates, assumptions, and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the School Board, the Corporation, the Trustee, the Financial Advisor, and the Underwriters expressly make no representations that such estimates, assumptions, and opinions will be realized or fulfilled. The Underwriters have reviewed the information in this Offering Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. Any information, estimates, assumptions, and matters of opinion contained in this Offering Statement are subject to change without notice, and neither the delivery of this Offering Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the School Board since the date hereof or the earliest date as of which such information was given.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2017 CERTIFICATES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE SCHOOL BOARD, THE CORPORATION, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2017 CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 CERTIFICATES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFERING STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE SCHOOL BOARD OR THE DISTRICT AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2017 CERTIFICATES.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFERING STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY, OR IMPORTANCE, AND THIS OFFERING STATEMENT, INCLUDING THE

APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFERING STATEMENT ARE FOR CONVENIENCE ONLY AND IN NO WAY DEFINE, LIMIT, OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISIONS OR SECTIONS IN THIS OFFERING STATEMENT. THE OFFERING OF THE SERIES 2017 CERTIFICATES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFERING STATEMENT.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFERING STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET," OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SCHOOL BOARD DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2017 Certificates are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

THIS OFFERING STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: [WWW.MUNIOS.COM](http://WWW.MUNIOS.COM) AND [WWW.EMMA.MSRB.ORG](http://WWW.EMMA.MSRB.ORG). THIS OFFERING STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM THE AFOREMENTIONED WEBSITES.

REFERENCES TO WEB SITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEB SITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFERING STATEMENT FOR PURPOSES OF RULE 15c2-12.

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## OFFERING STATEMENT

*related to*

**\$36,580,000**

**CERTIFICATES OF PARTICIPATION, SERIES 2017  
Evidencing an Undivided Proportionate Interest of Owners thereof  
in Basic Rent Payments to be made by the School Board of Walton County, Florida, as Lessee  
pursuant to a Master Lease-Purchase Agreement with  
Walton County Public Education Finance Authority, Inc., as Lessor**

## INTRODUCTION

### General

This Offering Statement, including the cover page, the inside cover page, and appendices attached hereto, is provided to furnish information with respect to The School Board of Walton County, Florida (the "School Board"), the governing body of the School District of Walton County, Florida (the "District"), and the sale and delivery of the Certificates of Participation, Series 2017 (the "Series 2017 Certificates") which are being issued in the aggregate principal amount of \$36,580,000 pursuant to a Trust Agreement, dated as of June 1, 1999, as amended and supplemented (the "Master Trust Agreement"), and as particularly amended and supplemented by the Series 2017 Supplemental Trust Agreement, dated as of October 1, 2017 (the "Series 2017 Supplemental Trust Agreement" and, together with the Master Trust Agreement, the "Trust Agreement"), each by and among the School Board, the Walton County Public Education Finance Authority, Inc., a Florida not-for-profit corporation, as lessor (the "Corporation"), and U.S. Bank National Association, as successor Trustee (the "Trustee"). U.S. Bank National Association is also serving as Paying Agent and Registrar.

The Series 2017 Certificates represent proportionate undivided interests of the owners thereof in the right to receive a portion of the Basic Rent Payments (defined herein) payable under a Master Lease-Purchase Agreement, dated as of June 1, 1999, as amended and supplemented from time to time (the "Master Lease"), by and between the Corporation and the School Board, and as particularly supplemented by (i) Amended and Restated Lease Schedule No. 2010, dated as of October 1, 2017 (the "Amended and Restated Lease Schedule No. 2010" and, together with the Master Lease, the "Series 2010 Lease Agreement", and (ii) Lease Schedule No. 2017, dated as of October 1, 2017 (the "Lease Schedule No. 2017" and, together with the Master Lease, the "Series 2017 Lease Agreement"). The Series 2010 Lease Agreement relates to the Series 2010 Project (as defined herein) and is automatically renewable annually through June 30, 2021, unless earlier terminated in accordance with the Series 2010 Lease Agreement. The Series 2017 Lease Agreement relates to the Series 2017 Project (as defined herein) and is automatically renewable annually through June 30, 2038, unless earlier terminated in accordance with the Series 2017 Lease Agreement.

The site on which the Series 2010 Project is located has been leased by the School Board to the Corporation pursuant to a Ground Lease Agreement, dated as of August 1, 2010, as amended by the First Amendment to Ground Lease, dated as of October 1, 2017 (collectively, the "Series 2010 Ground Lease"). The site on which the Series 2017 Project will be located will be leased by the School Board to the Corporation pursuant to a Ground Lease Agreement, dated as of October 1, 2017 (the "Series 2017

Ground Lease"). All of the right, title, and interest of the Corporation in the Series 2010 Ground Lease and the Series 2017 Lease Agreement, including the right of the Corporation to receive Lease Payments (defined herein), to use, sell and re-let projects, and to exercise remedies thereunder and under the Series 2010 Ground Lease and the Series 2017 Ground Lease other than its rights to indemnification, its right to enter into additional Lease Schedules, and its obligation not to impair the tax status of the Series 2017 Certificates, have been irrevocably assigned to the Trustee pursuant to an Assignment Agreement, dated as of June 1, 1999, as amended and supplemented (the "Assignment"), and as particularly amended and supplemented by the Series 2017 Supplemental Assignment Agreement, dated as of October 1, 2017 (together with the Assignment, the "Series 2017 Lease Assignment"). Pursuant to the Series 2017 Lease Assignment, the Corporation has also assigned its interests under the Series 2010 Ground Lease and the Series 2017 Ground Lease (collectively, the "Ground Lease Assignment" and together with the Series 2017 Lease Assignment, the "Series 2017 Assignment") to the Trustee. See "THE MASTER LEASE PROGRAM – The Ground Lease" herein.

### The Certificates

The following table presents a summary of the Lease Schedules after delivery of the Series 2017 Certificates and the refunding of the Series 2010 Certificate (as defined herein), the dated date of each lease schedule, the project financed or refinanced, the final renewal date, the related Series of Certificates and the outstanding principal amounts.

Related Lease Schedule	Related Project	Final Termination Date of Lease	Related Series of Certificates	Principal Amount Outstanding
Lease Schedule No. 2005 Amended and Restated Lease	1999-1	June 30, 2019	Series 2005	\$3,830,000
Schedule No. 2010	2010	June 30, 2021	Series 2017	3,235,000 <sup>(1)</sup>
Lease Schedule No. 2015	2015	June 30, 2035	Series 2015	24,455,000
Lease Schedule No. 2017	2017	June 30, 2038	Series 2017	33,345,000
			TOTAL	<u>\$64,865,000</u>

<sup>(1)</sup> The Series 2010 Certificate (as defined herein), currently outstanding in the principal amount of \$3,365,000, is being refunded with a portion of the proceeds of the Series 2017 Certificates.

The Series 2005 Certificates and the Series 2015 Certificates (each as defined herein) are herein collectively referred to as the "Prior Certificates." See "THE PRIOR PROJECTS" herein for more information regarding the Projects financed and refinanced with proceeds of the Prior Certificates. The Prior Certificates, the Series 2017 Certificates, and any additional Series of Certificates are herein collectively referred to as the "Certificates."

Brief descriptions of the Series 2017 Certificates, the School Board, the Corporation, the Series 2010 Lease Agreement, the Series 2017 Lease Agreement, the Trust Agreement, the Series 2017 Assignment, the Series 2010 Ground Lease, and the Series 2017 Ground Lease are included in this Offering Statement. All references herein to the Series 2017 Certificates, the Series 2010 Lease Agreement, the Series 2017 Lease Agreement, the Trust Agreement, the Series 2017 Assignment, the Series 2010 Ground Lease, and the Series 2017 Ground Lease are qualified in their entirety by reference to the complete documents, respectively. Copies of forms of the Trust Agreement, the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, the Series 2017 Assignment, and the Series 2010

Ground Lease and the Series 2017 Ground Lease are included herein as Appendices D, E, F, and G, respectively. This Offering Statement speaks only as of its date and the information contained herein is subject to change. This Offering Statement and any continuing disclosure document of the School Board are intended to be made available through the office of the School Board's Chief Financial Officer, 145 Park Street, DeFuniak Springs, Florida 32435.

Unless otherwise indicated, capitalized terms used in this Offering Statement shall have the same meaning established in the documents referenced in the foregoing paragraph. See "APPENDIX C: DEFINITIONS" attached hereto.

### **AUTHORIZATION**

Pursuant to the applicable provisions of the laws of the State of Florida (the "State"), including particularly Chapters 1000 through 1013, Florida Statutes (collectively, the "Act"), and the judicial decisions related thereto, the School Board has the power and authority to enter into transactions such as that contemplated by the Series 2010 Lease Agreement, the Series 2017 Lease Agreement, the Series 2010 Ground Lease, the Series 2017 Ground Lease, and the Trust Agreement. The School Board authorized doing so pursuant to a resolution duly adopted by the School Board on July 18, 2017 (the "Resolution").

### **PURPOSE OF THE ISSUE**

The Series 2017 Certificates are being issued to (i) finance a portion of the cost of the acquisition, construction, installation, and/or equipping of the Series 2017 Project, (ii) to refinance a portion of the cost of the acquisition, construction, installation and/or equipping of the Series 2010 Project by refunding the outstanding Certificate of Participation, Series 2010 (the "Series 2010 Certificate"), and (iii) to pay costs associated with the issuance of the Series 2017 Certificates. See "PLAN OF REFINANCE" and "THE SERIES 2017 PROJECT" herein.

### **PLAN OF REFINANCE**

The Series 2017 Certificates are being issued, in part, to provide funds, together with other legally available funds of the School Board, necessary to refund the Series 2010 Certificate. The Series 2010 Certificate will be called for prepayment prior to maturity on the date of issuance of the Series 2017 Certificates (the "Prepayment Date") at a Prepayment Price of 100%, plus interest accrued and unpaid to the Prepayment Date. Upon the issuance of the Series 2017 Certificates, a portion of the proceeds of the Series 2017 Certificates will be paid to SunTrust Bank, N.A., the holder of the Series 2010 Certificate. Upon such payment of moneys, the Series 2010 Certificate will no longer be outstanding for purposes of the Master Trust Agreement.

### **VERIFICATION**

As of the delivery date of the Series 2017 Certificates, Samuel Klein and Company, Certified Public Accounts (the "Verification Agent"), will verify, from information provided to them, the mathematical accuracy of the computations contained in schedules provided by the Underwriters (as defined herein) and PFM Financial Advisors LLC (the "Financial Advisor"), to determine (i) that the amount deposited with SunTrust Bank, N.A. will be sufficient to pay the principal portion and Interest Component of Basic Rent Payments represented by the Series 2010 Certificate, and (ii) the yield on the Series 2017 Certificates. The Verification Agent will express no opinion on the assumptions provided to

them nor as to the exclusion from gross income for federal income tax purposes of the interest on the Series 2017 Certificates.

## **THE SERIES 2017 CERTIFICATES**

### **Form and Denomination**

The Series 2017 Certificates are issuable as fully registered Certificates in denominations of \$5,000 or any integral multiple thereof. The Series 2017 Certificates shall be dated as of their date of delivery and shall mature in the years and principal amounts set forth on the inside cover page of this Offering Statement. Interest is payable on January 1 and July 1 of each year, commencing January 1, 2018 (each a "Payment Date"). Said interest shall represent an undivided proportionate interest in a portion of the Interest Component of Basic Rent Payments due on the 10th day of the month prior to each Payment Date as set forth in the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, to and including the maturity date of each Series 2017 Certificate, at the rates set forth on the inside cover page of this Offering Statement. Interest will be paid by check or draft of the Trustee, as Paying Agent and Registrar, mailed on each Payment Date to the Owner as of the close of business on the 15th day (whether or not a business day) of the month next preceding each Payment Date at the address appearing on the Certificate Register maintained by the Trustee; provided however, that at the request and expense of the Owner of \$1,000,000 or more in aggregate principal amount of Series 2017 Certificates, interest shall be paid by wire transfer on the interest Payment Date to a bank account located in the continental United States and designated in writing to the Trustee by said Owner at least five days prior to such Interest Payment Date. The principal amount of Series 2017 Certificates payable at maturity or upon redemption thereof, whichever is earlier, shall represent an undivided proportionate interest in a portion of the Principal Component of Basic Rent Payments on each of the dates set forth in the Series 2010 Lease Agreement and the Series 2017 Lease Agreement. The Principal Component of Basic Rent Payments represented by the Series 2017 Certificates is payable to the Owner thereof upon presentation and surrender, when due, at maturity or upon earlier redemption, at the designated corporate trust office of the Trustee in Orlando, Florida.

When issued, the Series 2017 Certificates will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Series 2017 Certificates (the "Beneficial Owners") will not receive physical delivery of the Series 2017 Certificates. Ownership by the Beneficial Owners of the Series 2017 Certificates will be evidenced through a book-entry-only system of registration. As long as Cede & Co., is the registered owner as nominee of DTC, payment of the Principal Component and Interest Component of the Basic Rent Payments represented by the Series 2017 Certificates will be made directly to Cede & Co., which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. Individuals may purchase beneficial interests in the Series 2017 Certificates in the amount of \$5,000 or integral multiples thereof.

### **Book-Entry-Only System**

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CORPORATION, THE SCHOOL BOARD AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE CORPORATION, THE SCHOOL BOARD AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. ACCORDINGLY, THE SCHOOL BOARD, THE CORPORATION AND THE



UNDERWRITERS NEITHER MAKE NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2017 Certificates. The Series 2017 Certificates will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Purchases of beneficial ownership interests in the Series 2017 Certificates will be made in book entry-only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the Series 2017 Certificates ("Beneficial Owners") will not receive Series 2017 Certificate representing their ownership interests in the Series 2017 Certificates, except in the event that use of the book entry-only system for the Series 2017 Certificates is discontinued. One fully registered certificate will be issued for each maturity of the Series 2017 Certificates, and deposited with DTC.

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

Purchases of Series 2017 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Certificate (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017 Certificates, except in the event that use of the book entry system for the Series 2017 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2017 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as

may be requested by an authorized representative of DTC. The deposit of Series 2017 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2017 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017 Certificate documents. For example, Beneficial Owners of the Series 2017 Certificates may wish to ascertain that the nominee holding the Series 2017 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2017 Certificates within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such certificates to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds and interest payments on the Series 2017 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, Agent, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee for the Series 2017 Certificates. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

None of the Corporation, the School Board or the Trustee can give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2017 Certificates paid to DTC or its nominee, or any prepayment or other

notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Offering Statement.

For every transfer and exchange of beneficial interests in the Series 2017 Certificates, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Series 2017 Certificates at any time by giving reasonable notice to the School Board. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered to DTC.

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2017 CERTIFICATES, AS NOMINEE OF DTC, REFERENCES IN THIS OFFERING STATEMENT TO THE SERIES 2017 CERTIFICATE HOLDERS OR REGISTERED OWNERS OF THE SERIES 2017 CERTIFICATES SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2017 CERTIFICATES.

### **Optional Prepayment**

The Series 2017 Certificates maturing prior to July 1, 2028 are not subject to optional prepayment prior to maturity. The Series 2017 Certificates maturing on or after July 1, 2028, may be prepaid, from prepayments of Basic Rent made by the School Board pursuant to the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, in whole or in part on July 1, 2027, or any date thereafter, and if in part, by lot within a maturity in such manner as may be designated by the Trustee, at the Prepayment Price equal to 100% of the principal amount of the Series 2017 Certificates to be prepaid, plus accrued and unpaid interest thereon to the prepayment date.

### **No Extraordinary Mandatory Prepayment**

The Series 2017 Certificates are not subject to extraordinary mandatory prepayment from Net Proceeds of insurance or condemnation and any amounts received therefrom shall be applied as provided in the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, as more particularly described below.

With respect to the Series 2010 Lease Agreement, notwithstanding the provisions of the Master Lease, if the portion of the Net Proceeds related to the Series 2010 Project allocable to the Series 2017 Certificates is not greater than the amount of the Lease Payments represented by the Series 2017 Certificates coming due in the immediately following fiscal year under the Series 2010 Lease Agreement, then such amounts shall be used first, to pay the Interest Component of the Series 2017 Certificates for the next two interest Payment Dates and then to pay the Principal Component next coming due. In the event such portion of the Net Proceeds is greater than the amount of the Lease Payments represented by the Series 2017 Certificates coming due under the Series 2010 Lease Agreement in the immediately following fiscal year, at the option of the School Board, the School Board shall apply the portion of the Net Proceeds

of such insurance or condemnation award allocable to the Series 2017 Certificates to (i) the acquisition, construction and installation of other Land and/or Buildings to be used for educational purposes that will be subject to the Series 2010 Lease Agreement, or (ii) upon receipt of an approving opinion of Special Counsel, to the Series 2017 Subaccount of the Interest Account, or Series 2017 Subaccount of the Principal Account, as applicable, to be credited against the payments next due to such accounts or subaccounts.

With respect to the Series 2017 Lease Agreement, notwithstanding the provisions of the Master Lease, if the portion of the Net Proceeds related to the Series 2017 Project allocable to the Series 2017 Certificates is not greater than the amount of the Lease Payments represented by the Series 2017 Certificates coming due in the immediately following fiscal year under the Series 2017 Lease Agreement, then such amounts shall be used first, to pay the Interest Component of the Series 2017 Certificates for the next two interest Payment Dates and then to pay the Principal Component next coming due. In the event such portion of the Net Proceeds is greater than the amount of the Lease Payments represented by the Series 2017 Certificates coming due under the Series 2017 Lease Agreement in the immediately following fiscal year, at the option of the School Board, the School Board shall apply the portion of the Net Proceeds of such insurance or condemnation award allocable to the Series 2017 Certificates to (i) the acquisition, construction and installation of other Land and/or Buildings to be used for educational purposes that will be subject to the Series 2017 Lease Agreement, or (ii) upon receipt of an approving opinion of Special Counsel, to the Series 2017 Subaccount of the Interest Account, or Series 2017 Subaccount of the Principal Account, as applicable, to be credited against the payments next due to such accounts or subaccounts.

### **Selection of Certificates to be Prepaid**

When Series 2017 Certificates are to be selected for prepayment by lot, selection of Series 2017 Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Series 2017 Certificates to be prepaid shall be in the principal amount of \$5,000 or any whole multiple thereof, and that in selecting portions of Series 2017 Certificates for prepayment, the Trustee shall treat each such Series 2017 Certificates as representing the number of Series 2017 Certificates which is obtained by dividing the principal amount with respect to such Series 2017 Certificates by \$5,000. Series 2017 Certificates so prepaid, presented and surrendered shall be canceled upon the surrender thereof.

*Investors should note that while DTC is the registered owner of the Series 2017 Certificates, partial prepayments of the Series 2017 Certificates will be determined in accordance with DTC's procedures. The School Board intends that prepayment allocations made by DTC, the DTC Participants, or such other intermediaries that may exist between the School Board and the Beneficial Owners of the Series 2017 Certificates be made in accordance with the method of selection of Series 2017 Certificates for a partial prepayment described herein. However, the selection of the Series 2017 Certificates for prepayment in DTC's book-entry-only system is subject to DTC's practices and procedures as in effect at the time of any such partial prepayment. The School Board can provide no assurance that DTC or the DTC Participants or any other intermediaries will allocate prepayments among Beneficial Owners in accordance with the method of selection of Series 2017 Certificates for a partial prepayment described above.*

### **Notice of Prepayment**

*As long as a book-entry-only system is used for determining beneficial ownership of Series 2017 Certificates, notice of prepayment will only be sent to DTC. DTC will be responsible for notifying the DTC Participants, which, in turn, will be responsible for notifying the Beneficial Owners. Any failure of DTC to notify*

*any DTC Participant, or of any DTC participant to notify the Beneficial Owner of any such notice, will not affect the validity of the prepayment of the Series 2017 Certificates.*

When prepayment of the Series 2017 Certificates is authorized or required pursuant to the provisions of the Trust Agreement, the Trustee shall give notice to the Owners of the Series 2017 Certificates to be prepaid, at the expense of the School Board, of the prepayment of the Series 2017 Certificates. Such notice shall state: (i) the CUSIP numbers of all Series 2017 Certificates being prepaid, (ii) the original issue date of such Series 2017 Certificates, (iii) the maturity date and rate of interest borne by each Series 2017 Certificate being prepaid, (iv) the prepayment date, (v) the Prepayment Price, (vi) the date on which such notice is mailed, (vii) if less than all Outstanding Series 2017 Certificates are to be prepaid, the certificate number (and, in the case of a partial prepayment of any Series 2017 Certificate, the principal amount) of each Series 2017 Certificate to be prepaid, (viii) that on such prepayment date, there shall become due and payable upon each Series 2017 Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof in the case of Series 2017 Certificates to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such date, interest thereon shall cease to accrue and be payable, and (ix) that the Series 2017 Certificates to be prepaid, whether as a whole or in part, are to be surrendered for payment of the Prepayment Price at the designated corporate trust office of the Trustee at an address specified.

Notice of such prepayment shall be given by mail, postage prepaid, not more than 60 days or fewer than 30 days prior to the date of prepayment, to the Owners of any Series 2017 Certificates to be prepaid, which notice may be issued on a conditional basis. In the event that a conditional notice of prepayment is given and such moneys are not timely received, the prepayment for which such notice was given shall not be undertaken. Such mailing shall not be a condition precedent to such prepayment, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the Series 2017 Certificates.

### **Exchange of Certificates**

The Series 2017 Certificates, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of the Series 2017 Certificates of the same maturity, of any denomination or denominations authorized by the Trust Agreement, bearing interest at the same rate, and in the same form as the Series 2017 Certificates surrendered for exchange.

### **Negotiability, Registration, and Transfer of Certificates**

*So long as the Series 2017 Certificates are registered in the name of Cede & Co., as the nominee of DTC, the transfer and exchange of any Series 2017 Certificates shall be governed by rules established between DTC and its Participants. Upon the discontinuance of the book-entry-only registration system for the Series 2017 Certificates, the following provisions described under this subheading shall apply for the Beneficial Owners.*

The Trustee shall keep or cause to be kept a Certificate Register for the Series 2017 Certificates, which shall at all times be open to inspection by the School Board, the Corporation, and the Owners of the Series 2017 Certificates; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Certificate Register of Series 2017 Certificates. The transfer of any Series 2017 Certificate may be

registered only upon the Certificate Register upon surrender thereof to the Trustee together with an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer, the Trustee shall authenticate and deliver in exchange for such Series 2017 Certificate a new registered Series 2017 Certificate, registered in the name of the transferee, of any authorized denomination or denominations in the aggregate principal amount equal to the principal amount of such Series 2017 Certificate surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Series 2017 Certificates shall be exchanged or the transfer of Series 2017 Certificates shall be registered under the Trust Agreement, the Trustee shall authenticate and deliver, at the earliest practicable time, Series 2017 Certificates in accordance with the provisions of the Trust Agreement. All Series 2017 Certificates surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Trustee. Upon the cancellation of any Series 2017 Certificates by the Trustee, the Trustee shall execute a certificate of cancellation in duplicate by the signature of one of its authorized officers describing the Series 2017 Certificates so cancelled, and executed cancellation certificates shall be filed with the School Board and the Corporation and the other executed cancellation certificate shall be retained by the Trustee. No service charge shall be made for any registration, transfer, or exchange of Series 2017 Certificates, however the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2017 Certificates as a condition precedent to such registration, transfer or exchange. The Trustee shall not be required to transfer or exchange Series 2017 Certificates (i) during a period beginning at the opening of business 15 days before the day of a mailing of a notice of prepayment of Series 2017 Certificates and ending at the close of business on the day of such mailing, (ii) so selected for prepayment in whole or in part, or (iii) during a period beginning at the close of business on the Record Date next preceding a date set for payment of interest and ending on such interest Payment Date.

### **Ownership of Certificates**

The Trustee shall deem and treat the Person in whose name any Outstanding Series 2017 Certificate shall be registered upon the Certificate Register as the absolute Owner of such Series 2017 Certificate, whether such Series 2017 Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest payments with respect to such Series 2017 Certificate and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Series 2017 Certificate to the extent of the sum or sums so paid, and neither the Corporation, the School Board nor the Trustee shall be affected by any notice to the contrary.

### **Mutilated, Destroyed, Stolen, or Lost Certificates**

In case any Series 2017 Certificate secured by the Trust Agreement shall become mutilated or be destroyed, stolen, or lost, the Trustee shall cause to be executed, shall authenticate, and deliver, a new Series 2017 Certificate of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Series 2017 Certificate or in lieu of and in substitution for such Series 2017 Certificate destroyed, stolen, or lost, and the Owner shall pay the reasonable expenses and charges of the Trustee in connection therewith and, in case of a Series 2017 Certificate stolen, destroyed, or lost, the Owner shall file with the Trustee evidence satisfactory to it that such Series 2017 Certificate was stolen, destroyed, or lost, and of his ownership thereof, and as a condition precedent to delivery of such new Series 2017 Certificate the Trustee may require indemnity satisfactory to it.

Every Series 2017 Certificate issued in exchange or substitution for any Series 2017 Certificate which is mutilated, destroyed, lost, or stolen shall constitute an additional contractual obligation pursuant to the terms of the Trust Agreement, whether or not the destroyed, lost, or stolen Series 2017 Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of the Trust Agreement equally and proportionately with any and all other Series 2017 Certificates duly issued thereunder. All Series 2017 Certificates shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Series 2017 Certificates, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

### **Completion Certificates**

Completion Certificates may be issued under and secured by the Master Trust Agreement, subject to the conditions therein provided, to provide necessary funds to complete payment of the Costs of a Project previously financed under the Master Trust Agreement or to finance additional property which shall be added to a Project or which shall be substituted for a portion of a Project. Such Completion Certificates, for purposes of the Master Trust Agreement, the Master Lease and any applicable Ground Lease shall constitute a part of the same Series of Certificates as to Certificates issued to pay the original costs of the Project.

The proceeds of the Completion Certificates may also be used to make any additional required deposits into the Subaccount of the Reserve Account securing such Completion Certificates, fund capitalized interest on such Completion Certificates and pay Costs of Issuance, and shall be deposited in the Pledged Accounts established therefor in such manner and in such amounts as determined by the Supplemental Trust Agreement relating to the authorization of such Completion Certificates. The Completion Certificates shall be secured on a parity with the Series of Certificates issued to pay the original costs of the Project in accordance with the terms of the Master Trust Agreement.

### **Refunding Certificates**

Refunding Certificates may be issued under and secured by the Master Trust Agreement, subject to the conditions therein provided, at any time or times for the purposes of (i) providing funds for refunding part or all of the Certificates at or prior to their maturity or maturities, including the payment of any Prepayment Premium thereon and interest which will accrue on such Certificates to their date of payment, (ii) making a deposit, as necessary, to the subaccount of the Reserve Account which shall secure such Refunding Certificates, and (iii) paying the Costs of Issuance relating to said Refunding Certificates.

In order to issue Refunding Certificates the Trustee must have received, among other items, a report of a certified public accountant or firm of certified public accountants verifying the mathematical accuracy of calculations supplied by the School Board, or its designee, that the proceeds of such Refunding Certificates plus any other moneys available for such purpose including investment earnings, shall be not less than an amount sufficient to pay the principal of and the Prepayment Premium, if any, on the Certificates to be refunded and the Interest Component of the Basic Rent represented by such Certificates which will accrue thereon to the redemption date or maturity dates applicable thereto.

Other than for amounts required to pay Costs of Issuance or to make deposits to the appropriate subaccount of the Reserve Account, the proceeds of such Refunding Certificates and any other moneys received by the Trustee for such purpose, shall be held by the Trustee in a special fund appropriately designated, to be held in trust for the sole and exclusive purpose of paying the principal of, Prepayment Premium, if any, and interest on the Certificates to be refunded, all as provided in the Master Trust Agreement. The Refunding Certificates shall be secured in the same manner and from the same Pledged Accounts as the Certificates to be refunded in accordance with the terms of the Master Trust Agreement.

### **Additional Series of Certificates**

Additional Series of Certificates may be issued under the Master Trust Agreement, in addition to the Prior Certificates and the Series 2017 Certificates, to finance additional projects under the Master Lease. The amount of such additional Series of Certificates which may be issued under the Master Trust Agreement is not limited. See "SECURITY FOR THE SERIES 2017 CERTIFICATES – Additional Series of Certificates" herein.

## **SECURITY FOR THE SERIES 2017 CERTIFICATES**

### **Master-Lease Aspects**

The Master Lease contemplates that the relationship between the School Board and the Corporation will be a continuing one, that Projects in addition to the Series 1999-1 Project and the Series 2015 Project (collectively, the "Prior Projects"), the Series 2010 Project, and the Series 2017 Project may be added to the Master Lease from time to time, and that additional Series of Certificates in addition to the Prior Certificates and the Series 2017 Certificates will be issued under the Master Trust Agreement in connection with such Projects.

The School Board entered into the Lease Schedule No. 1999-1, dated June 30, 1999 (together with the Master Lease, the "Series 1999 Lease Agreement") in connection with the issuance of its Certificates of Participation, Series 1999 (the "Series 1999 Certificates"). The Series 1999 Certificates were issued for the primary purpose of providing funds to finance the acquisition, installation, and construction of certain educational facilities (the "Series 1999-1 Project"). See "THE PRIOR PROJECTS" herein. The Series 1999 Lease Agreement was amended and restated by the Lease Schedule No. 2005, dated May 20, 2005 (together with the Master Lease, the "Series 2005 Lease Agreement"), in connection with the issuance of the School Board's Refunding Certificates of Participation, Series 2005 (the "Series 2005 Certificates"), which were issued for the primary purpose of providing funds to advance refund a portion of the outstanding Series 1999 Certificates.

The School Board entered into the Lease Schedule No. 2010, dated August 5, 2010 (together with the Master Lease, the "Original Series 2010 Lease Agreement") in connection with the issuance of its Certificate of Participation, Series 2010 (the "Series 2010 Certificate"). The Series 2010 Certificate was issued for the primary purpose of providing funds to finance the acquisition, installation, and construction of certain educational facilities (the "Series 2010 Project"). See "THE SERIES 2010 PROJECT" herein. The outstanding Series 2010 Certificate is being refunded with a portion of the proceeds of the Series 2017 Certificates. See "PLAN OF REFINANCE" herein. In connection with such refunding, the Original Series 2010 Lease Agreement will be amended and restated by the Amended and Restated Lease Schedule No. 2010.



The School Board entered into the Lease Schedule No. 2015, dated January 15, 2015 (together with the Master Lease, the "Series 2015 Lease Agreement") in connection with the issuance of its Certificates of Participation, Series 2015 (the "Series 2015 Certificates"). The Series 2015 Certificates were issued for the primary purpose of providing funds to finance the acquisition, installation, and construction of certain educational facilities (the "Series 2015 Project"). See "THE PRIOR PROJECTS" herein.

The Owners of the Series 2017 Certificates shall have no claim against, nor receive any benefits from, any portion of the Trust Estate derived from the sale, re-letting, or other disposition of Projects, other than the Series 2010 Project and the Series 2017 Project (excluding components of the Series 2010 Project and the Series 2017 Project classified as Designated Equipment, which are not subject to disposition). Proceeds from the sale, re-letting, or other disposition of the Series 2010 Project (except for Designated Equipment), shall be applied to the payment of the Series 2017 Certificates allocable to the Series 2010 Project. Proceeds from the sale, re-letting, or other disposition of the Series 2017 Project (except for Designated Equipment), shall be applied to the payment of the Series 2017 Certificates allocable to the Series 2017 Project. The Owners of the Series 2017 Certificates shall have no claim against any portion of the Trust Estate derived from any cash, securities, or investments in the Pledged Accounts, other than the respective set of Series 2017 Pledged Accounts; provided, however, the Series 2017 Subaccount of the Project Account shall secure only the Series 2017 Certificates allocable to the Series 2017 Project. See "SECURITY FOR THE SERIES 2017 CERTIFICATES – Lease Payment Fund" and " – Additional Series of Certificates" herein.

#### **Limited Obligation of the School Board**

The obligation of the School Board to make Lease Payments which include Basic Rent Payments and Supplemental Rent Payments under the Series 2017 Lease Agreement is a limited obligation, payable solely from moneys specifically appropriated by the School Board for such purpose from the School Board's Available Revenues. "Available Revenues" means the moneys and revenues of the School Board legally available under the Act to make the Lease Payments. Available Revenues include, but are not limited to, the Capital Outlay Millage Levy (as defined herein). See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" herein.

There will be credited against such obligation, moneys, if any, on deposit with the Trustee in certain segregated accounts pledged under the Master Trust Agreement and from amounts, if any, realized from the exercise of remedies with respect to the respective Projects by the Trustee on behalf of the respective Certificate Owners. Such Lease Payments are subject to annual appropriation by the School Board and the Series 2010 Lease Agreement and the Series 2017 Lease Agreement will be terminated upon the occurrence of an Event of Non-Appropriation. An "Event of Non-Appropriation" will occur if the School Board does not approve a tentative Budget and a final Budget in accordance with State law which appropriates sufficient funds from Available Revenues to continue making Lease Payments in full for all Projects leased under the Master Lease beyond the end of such Initial Lease Term or Renewal Lease Term for the following Renewal Lease Term. *The School Board may not budget and appropriate for a portion of the Projects leased under the Master Lease; it must budget and appropriate for all Projects or none of them.* The Lease Term will be deemed renewed pending the enactment of the final Budget and the School Board shall be liable for any Lease Payments coming due during such period for each day that the School Board remains in possession of the respective Projects beyond the date of expiration of the Initial Lease Term or Renewal Lease Term, the School Board will pay damages in an amount equal to the Lease Payments which would have accrued thereunder, calculated on a daily basis, for any such period in which the School Board fails to vacate or surrender the Projects. Upon the occurrence of an Event of

Non-Appropriation, the School Board will not be obligated to pay Lease Payments beyond the current Fiscal Year.

While the School Board is not legally obligated to do so, it has expressed its present intent to continue the Series 2010 Lease Agreement and the Series 2017 Lease Agreement with respect to the Series 2010 Project and the Series 2017 Project, respectively, for the Maximum Lease Term or on such later date as provided in the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, respectively. Subject to its unfettered right of non-appropriation, the School Board has agreed in the Master Lease to take such action as may be necessary to include all Lease Payments due under the Master Lease as a separately stated line item in its Budget and to appropriate in each Fiscal Year from Available Revenues an amount necessary to make the Lease Payments due in such Fiscal Year.

**THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONIES TO MAKE BASIC RENT PAYMENTS. THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE SCHOOL BOARD'S AVAILABLE REVENUES AND NEITHER THE SCHOOL BOARD, THE STATE, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2010 LEASE AGREEMENT OR THE SERIES 2017 LEASE AGREEMENT EXCEPT FROM AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE SCHOOL BOARD. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE SCHOOL BOARD UNDER THE SERIES 2010 LEASE AGREEMENT AND THE SERIES 2017 LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE SCHOOL BOARD UNDER THE SERIES 2010 LEASE AGREEMENT AND THE SERIES 2017 LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE SCHOOL BOARD, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE ISSUANCE OF THE SERIES 2017 CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE SCHOOL BOARD, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION OF THE SCHOOL BOARD OR ANY OTHER GOVERNMENTAL ENTITY.**

**THE SCHOOL BOARD IS NOT OBLIGATED TO APPROPRIATE AVAILABLE REVENUES TO MAKE LEASE PAYMENTS. IF, FOR ANY FISCAL YEAR, THE SCHOOL BOARD DOES NOT APPROVE A BUDGET WHICH APPROPRIATES SUFFICIENT AVAILABLE REVENUES (WITHOUT REGARD TO ANY CREDITS FROM EARNINGS ON AMOUNTS HELD IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE TRUST AGREEMENT) IN A LINE ITEM SPECIFICALLY IDENTIFIED FOR PAYMENT OF ITS OBLIGATIONS UNDER THE MASTER LEASE, SUCH FAILURE SHALL CONSTITUTE AN EVENT OF NON-APPROPRIATION AND THE MASTER LEASE SHALL TERMINATE AS OF THE LAST DAY OF THE THEN INITIAL LEASE TERM OR THE LAST RENEWAL LEASE TERM FOR WHICH AVAILABLE REVENUES HAVE BEEN BUDGETED AND APPROPRIATED AND THE SCHOOL BOARD WILL NOT BE OBLIGATED TO MAKE ANY LEASE PAYMENTS ACCRUING OR ARISING BEYOND SUCH LAST DAY. IN SUCH EVENT, THE SCHOOL BOARD IS REQUIRED TO SURRENDER USE, POSSESSION AND CONTROL OF ALL PROJECTS LEASED UNDER THE MASTER LEASE, INCLUDING THE SERIES 2010 PROJECT AND THE SERIES 2017 PROJECT (EXCLUDING COMPONENTS OF THE SERIES 2010 PROJECT AND THE SERIES 2017 PROJECT CLASSIFIED AS DESIGNATED EQUIPMENT), TO THE TRUSTEE.**

## Uniform Commercial Code

The Series 2017 Certificates will have all the qualities and incidents of an investment security under the Uniform Commercial Code-Investment Securities Law of the State and under such law are exempt from the provisions of the Uniform Commercial Code relating to secured transactions.

## Lease Payment Fund

The Master Trust Agreement provides for the establishment and maintenance of a single Lease Payment Fund, with a Principal Account and an Interest Account for deposit of Basic Rent Payments appropriated and paid under the Master Lease. Separate subaccounts within the Principal Account and the Interest Account have been established for each Series of Certificates and will be established upon the issuance of any additional Series of Certificates other than Completion Certificates. Lease Payments due under all Lease Schedules to the Master Lease are subject to annual appropriation by the School Board on an all-or-none basis and are payable solely from Available Revenues; provided that Lease Payments with respect to a particular Lease Schedule and Series of Certificates may be additionally and separately secured by a Credit Facility or municipal bond insurance policy. Lease Payments due under all Lease Schedules to the Master Lease are subject to annual appropriation by the School Board and are payable on a parity basis solely from Available Revenues. There is no limit on the number of additional Projects that may be financed under the Master Lease. The School Board may enter into additional Lease Schedules from time to time, without limitation, for the lease purchase financing of additional Projects. Such additional Projects may be financed through the sale of additional Series of Certificates under the Master Trust Agreement. **The School Board may not budget and appropriate for a portion of the Projects leased under the Master Lease; it must budget and appropriate for all Projects or none of them.** There can be no assurance that sufficient funds will be appropriated or otherwise be made available to make Lease Payments.

## Funds and Accounts

Pursuant to the Master Trust Agreement, the following funds and accounts were established:

- (1) The School Board of Walton County, Florida Master Lease Project Fund (the "Project Fund"), which consists of a Project Account, a Capitalized Interest Account, and a Costs of Issuance Account;
- (2) The School Board of Walton County, Florida Master Lease Payment Fund (the "Lease Payment Fund"), which consists of a Principal Account, an Interest Account and a Reserve Account;
- (3) The School Board of Walton County, Florida Master Lease Prepayment Fund (the "Prepayment Fund"); and
- (4) The School Board of Walton County, Florida Master Lease Rebate Fund (the "Rebate Fund").

Series 2017 Subaccounts will be established with respect to the Series 2017 Certificates in the Project Account, the Principal Account, the Interest Account, and the Costs of Issuance Account and a

Series 2017 Account will be established within the Prepayment Fund. No subaccount in the Reserve Account was required to be established in connection with the Series 2017 Certificates.

Basic Rent Payments paid to the Trustee, as assignee of the Corporation, pursuant to Master Lease and the Assignment, shall be deposited as received by the Trustee in the Lease Payment Fund and applied by the Trustee in the following manner and in the following order of priority:

(i) There shall be deposited to the subaccount of the Interest Account established for the payment of a Series of Certificates from the Interest Component of Basic Rent made in relation to such Series of Certificates an amount which shall be sufficient to pay the interest becoming due on such Series of Certificates on the next succeeding Payment Date. Moneys in each subaccount of the Interest Account shall be used to pay the Interest Component represented by the Series of Certificates for which it was established as and when the same become due, whether by prepayment or otherwise, and for no other purpose. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on all Outstanding Certificates on the next succeeding Payment Date.

(ii) There shall be deposited to the subaccount of the Principal Account established for the payment of a Series of Certificates from the Principal Component of Basic Rent made in relation to such Series of Certificates an amount which shall be sufficient to pay the principal and the Amortization Installment becoming due on such Series of Certificates on the next succeeding principal Payment Date. Moneys in each subaccount of the Principal Account shall be used to pay the principal and the Amortization Installment of the Series of Certificates for which it was established as and when the same shall mature or are redeemed, and for no other purpose. No further deposit need to be made to the Principal Account when the moneys therein are equal to the principal and the Amortization Installment coming due on all Outstanding Certificates on the next succeeding principal Payment Date.

### **Defaults and Remedies**

Upon the occurrence of an Event of Default under the Master Trust Agreement (which includes the occurrence of an "Event of Default" under the Master Lease unless the Master Lease "Event of Default" has been remedied or waived), the Trustee is entitled to and, upon direction of a majority in aggregate principal of the Certificates, is required to exercise a variety of remedies including, without limitation, any one or more of the following: (i) declare the principal of all Certificates of a Series due and payable (but only if the Master Lease has been terminated); (ii) protect and enforce its rights and the rights of the Owners under the Master Trust Agreement, Master Lease, or Ground Lease(s); and (iii) take possession of the Projects, including the Series 2010 Project and the Series 2017 Project (excluding components of the Projects classified as Designated Equipment) and sell, re-let, or otherwise dispose of the leasehold estate of the Corporation in the Projects, or any portion thereof. See "RISK FACTORS – Limitation Disposition; Ability to Sell or Relet" herein.

### **Additional Leases**

The School Board may enter into additional Lease Agreements under the Master Lease in addition to the Series 2005 Lease Agreement, the Series 2010 Lease Agreement, the Series 2015 Lease Agreement, and the Series 2017 Lease Agreement. Failure to appropriate funds to make Lease Payments under the Series 2005 Lease Agreement, the Series 2010 Lease Agreement, the Series 2015 Lease

Agreement, and the Series 2017 Lease Agreement or any additional Lease Agreements will, or certain events of default under any such Lease Agreement may, result in the termination of the Lease Term of all Lease Agreements, including the Series 2010 Lease Agreement and the Series 2017 Lease Agreement. Upon any such termination of the Lease Term of any Lease Agreement, the School Board must surrender all Projects to the Trustee for sale or re-letting of the Trustee's interest. The proceeds of any such disposition of the Series 2010 Project will be applied only to the payment of the Series 2017 Certificates allocable to the Series 2010 Project. The proceeds of any such disposition of the Series 2017 Project will be applied only to the payment of the Series 2017 Certificates allocable to the Series 2017 Project. In no event will owners of the Series 2017 Certificates have any interest in or right to any proceeds of the disposition of Projects financed with the proceeds of another Series of Certificates, including without limitation the Series 1999-1 Project and the Series 2015 Project. There can be no assurance that the remedies available to the Trustee upon any such termination of the Lease Term of all Lease Agreements and the disposition of the Projects will produce sufficient amounts to pay the outstanding Certificates.

### **Additional Series of Certificates**

Additional Series of Certificates, in addition to the Prior Certificates and the Series 2017 Certificates, may be issued under the Trust Agreement for the purpose of funding the costs of new or additional Projects. Proceeds of an additional Series of Certificates may also be used for the purpose of: (i) paying or providing for the payment of the Principal Component and Interest Component or the Prepayment Price of all or a portion of a Project financed from the proceeds of any Series of Certificates previously delivered, (ii) funding subaccounts established in the Reserve Account in an amount equal to any Reserve Requirements applicable to such Series, (iii) capitalizing interest on such Series of Certificates, and (iv) paying the costs of issuance applicable thereto. The aggregate principal amount of each Series of Certificates which may be issued, authenticated, and delivered under the Trust Agreement is not limited except as set forth in the related Lease Schedule specifying the details of such Series. Refer to "APPENDIX D: MASTER TRUST AGREEMENT AND FORM OF SERIES 2017 SUPPLEMENTAL TRUST AGREEMENT" for conditions that must be satisfied prior to the issuance of additional Series of Certificates.

The School Board may issue additional indebtedness secured by its Available Revenues without the consent of the Owners of the Series 2017 Certificates. The issuance of such additional indebtedness may adversely affect the School Board's ability to make Basic Rent Payments under the Master Lease. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein for a description of proposed additional indebtedness.

Completion Certificates and Refunding Certificates may also be issued under the Trust Agreement. See, respectively, "THE SERIES 2017 CERTIFICATES – Completion Certificates" and "THE SERIES 2017 CERTIFICATES – Refunding Certificates" herein.

### **RISK FACTORS**

The purchasers of the Series 2017 Certificates are subject to certain risks. Each prospective investor in the Series 2017 Certificates is encouraged to read this Offering Statement in its entirety. Particular attention should be given to the factors described below, which, among others, could affect the market price of the Series 2017 Certificates to an extent that cannot be determined. The following is not, and is not intended to be, a complete description of all the risk factors that may affect the repayment of the Series 2017 Certificates.

## **Annual Right of the School Board to Terminate the Lease Agreement**

Although the School Board has determined in the Master Lease that the Series 2010 Project and the Series 2017 Project are necessary to its operations and currently intends to continue the Series 2010 Lease Agreement and the Series 2017 Lease Agreement with respect to the Series 2010 Project and the Series 2017 Project for their respective Maximum Lease Term and has covenanted in the Series 2010 Lease Agreement and the Series 2017 Lease Agreement that the Superintendent will include a sufficient amount in the tentative Budget and final Budget to enable the School Board to pay the Basic Rent Payments due in each Fiscal Year subject to the right of annual appropriation, **the School Board is not required to appropriate funds to pay the Basic Rent Payments.** If for any Fiscal Year the School Board does not approve a tentative Budget and a final Budget which appropriates sufficient funds from Available Revenues in a line item specifically identified for payment of its obligations under the Master Lease, the Series 2010 Lease Agreement and the Series 2017 Lease Agreement shall terminate as of the last day of the Initial Lease Term or last Renewal Lease Term for which moneys have been budgeted and appropriated with respect to the Series 2010 Project, the Series 2017 Project, the Prior Projects, and all other Projects financed thereunder, and the School Board will not be obligated to make Basic Rent Payments accruing or arising thereafter, and the School Board shall be required to surrender use, possession, and control of the Series 2010 Project (excluding components of the Series 2010 Project classified as Designated Equipment), the Series 2017 Project (excluding components of the Series 2017 Project classified as Designated Equipment), the Prior Projects (excluding components of the Prior Projects classified as Designated Equipment), and all other Projects to the Trustee within 60 Business Days.

**The likelihood that the Series 2010 Lease Agreement and the Series 2017 Lease Agreement will be terminated as the result of an Event of Non-Appropriation is dependent upon certain factors that are beyond the control of the Certificate Owners, including the continuing future utility of the Series 2010 Project and the Series 2017 Project and the Prior Projects to the School Board and changes in population or demographics within Walton County, Florida (the "County"), which may impact such future utility.**

## **Limitation on Disposition; Ability to Sell or Relet**

Following an Event of Default under the Trust Agreement (which includes an Event of Non-Appropriation under the Master Lease), the Trustee may take possession of the Series 2010 Project and the Series 2017 Project. However, due to the governmental nature of the Series 2010 Project and the Series 2017 Project, it is not certain whether a court would permit the exercise of the remedies to sell, re-let, or dispose of the Series 2010 Project or the Series 2017 Project. Also, there is no assurance that the Trustee will be able to sell, re-let, or dispose of the components of the Series 2010 Project or the Series 2017 Project or that the Owners of the Outstanding Series 2017 Certificates will obtain payment of all or any portion of the Principal Component or the Interest Component thereof upon an Event of Default under the Trust Agreement.

## **Tax Exempt Status**

Upon termination of the Master Lease, there is no assurance that payments made by the Trustee with respect to the Series 2017 Certificates and the Interest Component of the Basic Rent Payments represented by the Series 2017 Certificates will be excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein.

## **Applicability of Securities Laws**

In the event of the termination of the Master Lease, the transfer of a Series 2017 Certificate may be subject to or conditioned upon compliance with the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that liquidity of the Series 2017 Certificates will not be impaired following termination of the Master Lease.

## **Capital Outlay Millage Levy**

The amount which can be realized by the School Board from the levy of the Capital Outlay Millage Levy, the School Board's primary source of repayment of the Basic Rent represented by the Series 2017 Certificates, can be affected by a variety of factors not within the School Board's control, including, without limitation, fluctuations in the assessed valuation of the property within the County and the amount of general business activity, growth, and new construction which occurs within the County, market, catastrophic or other events or crises, or litigation. There can, therefore, be no assurances that such revenues will not decrease in the event that growth and new construction, for whatever reason, decreases or ceases altogether within the County. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS" herein and "APPENDIX A: GENERAL INFORMATION RELATING TO WALTON COUNTY, FLORIDA" attached hereto.

The Capital Outlay Millage Levy may also be adversely affected pursuant to changes in applicable law. See " – State Legislative and Constitutional Initiatives" below and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein, for a description of changes in applicable law affecting the Capital Outlay Millage Levy.

## **State Revenues**

A large portion of the District's funding is derived from State sources. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – State Sources." A significantly large percentage of such State revenue is generated from the levy of a State sales tax. The amount budgeted for distribution from the State to the District is subject to change in the event that certain revenue projections are not realized.

Over the past few years, the amount of State revenues budgeted for K-12 public schools has increased. The State budget for Fiscal Year 2015-16 provided for an approximately \$780 million or 4% increase in State and local funding for K-12 public schools over Fiscal Year 2014-15. Pursuant to such budget, education funding in the State increased by approximately \$207 per student or 3% over Fiscal Year 2014-15. The increase for the District in Fiscal Year 2015-16 was approximately \$2,609,471 over Fiscal Year 2014-15. The State budget for Fiscal Year 2016-17 provided for an approximately \$458.2 million or 2.33% increase in State and local funding for K-12 public schools over Fiscal Year 2015-16. Pursuant to such budget, education funding in the State increased by approximately \$71.16 per student or 1% over Fiscal Year 2015-16. The increase for the District in Fiscal Year 2016-17 was approximately \$2,629,979 over Fiscal Year 2015-16.

On June 9, 2017, the State Legislature adopted a State budget for Fiscal Year 2017-18 providing for an approximately \$455 million or 2.25% increase in State and local funding for K-12 public schools over Fiscal Year 2016-17. Pursuant to such budget, education funding in the State is estimated to increase by

approximately \$100 per student or 1.39% over Fiscal Year 2016-17. Based on the adopted budget, the estimated increase for the District in Fiscal Year 2017-18 is approximately \$3,549,637 over Fiscal Year 2016-17.

### **Additional Lease Schedules**

The School Board may enter into other Lease Schedules in addition to Lease Schedule No. 2005, Amended and Restated Lease Schedule No. 2010, Lease Schedule No. 2015, and Lease Schedule No. 2017. Failure to appropriate funds to pay Basic Rent under any such Lease Schedules will, or an Event of Default under any such Lease Schedules may, result in the termination of all Lease Schedules, including Amended and Restated Lease Schedule No. 2010 and Lease Schedule No. 2017. Upon any such termination of all Lease Schedules, the School Board must surrender all Projects (excluding components of the Projects classified as Designated Equipment), including the Series 2010 Project and the Series 2017 Project, to the Trustee for sale or lease. The proceeds of any such disposition of Projects will be applied to the payment of the applicable Certificates. In no event will Owners of the Series 2017 Certificates allocable to the Series 2010 Project have any interest in or right to any proceeds of the disposition of facilities financed with the proceeds of another Series of Certificates, except for the Series 2010 Project (excluding components of the Series 2010 Project classified as Designated Equipment). In no event will Owners of the Series 2017 Certificates allocable to the Series 2017 Project have any interest in or right to any proceeds of the disposition of facilities financed with the proceeds of another Series of Certificates, except for the Series 2017 Project (excluding components of the Series 2017 Project classified as Designated Equipment). In no event will Series 2017 Certificate holders have any interest in or rights to Designated Equipment. There can be no assurance that the remedies available to the Trustee upon any such termination of all Lease Schedules and the disposition of the Series 2017 Project will produce sufficient amounts to pay the Series 2017 Certificates.

### **Additional Indebtedness**

The School Board may issue additional indebtedness other than in connection with the Master Lease secured by or payable from Available Revenues without the consent of the Owners of the Series 2017 Certificates. Incurring such additional indebtedness may adversely affect the School Board's ability to make Lease Payments under the Master Lease.

### **State Legislative and Constitutional Initiatives**

During prior State legislative sessions, many legislative and constitutional proposals were enacted that could affect District funding sources. See "AD VALOREM TAXATION – Exemptions from Ad Valorem Taxation," "AD VALOREM TAXATION – Legislation Relating to ad Valorem Taxation," and "CHANGES AFFECTING DISTRICT REVENUES" for a description of such initiatives. The School Board is unable to predict what proposals, and their effect on School Board finances, may be introduced and adopted during the time the Series 2017 Certificates are Outstanding.

### **No Reserve Account**

No reserve account has been established for the Series 2017 Certificates.



## **Property and Casualty Insurance**

As a result of the substantial property damage caused by hurricanes and other storms in the State and other parts of the United States over the last decade, property insurance premiums have risen dramatically for State property owners. It has become impossible or economically impracticable for any school districts within the State, including the District, to obtain property insurance with the level of coverage they have historically secured. Under the current provisions of the Master Lease, the District is required to purchase insurance in an amount equal to 100% of the replacement cost of the Projects, or the Principal Component of the Basic Rent Payments then remaining unpaid, which is greater (except that such insurance may be subject to deductible clauses not to exceed \$100,000 for any one loss). Currently, the District is not in compliance with the property insurance requirements contained within the Master Lease provisions for the Fiscal Year 2017-18. However, in lieu of the provisions contained in the Master Lease, the School Board has covenanted in the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, with respect to the Series 2017 Certificates and the Series 2010 Project and the Series 2017 Project, respectively, that during the term of the Series 2010 Lease Agreement and the Series 2017 Lease Agreement, the School Board is required to maintain casualty insurance at such coverage levels as are available at commercially reasonable costs to the School Board. See "APPENDIX E: MASTER LEASE-PURCHASE AGREEMENT AND FORM OF SERIES 2017 LEASE AGREEMENT" attached hereto. In the event the District suffers substantial damage to its property that is not covered by its current insurance or is not eligible for Federal reimbursement, the District's financial condition could be adversely impacted.

The School Board is currently a member of the Panhandle Area Educational Consortium – Risk Management Consortium (the "Consortium") under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, employee dishonesty, boiler and machinery, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums) and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Washington County District School Board serves as fiscal agent for the Consortium. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three Fiscal Years.

On September 10, 2017, Hurricane Irma struck the Florida Keys and then subsequently impacted the State. Due to the District's location in the western panhandle of the State, the physical impact of Hurricane Irma to the District and its facilities was minimal. The District expects its claims-paying insurance coverage and any federal aid packages will substantially cover the costs, if any, of the impacts caused by Hurricane Irma. As such, the District does not believe the Series 2017 Project will be impacted by Hurricane Irma nor does the District believe the impact of Hurricane Irma will materially adversely affect its ability to make Basic Rent Payments under the Master Lease.

## **THE MASTER LEASE PROGRAM**

### **The Series 2010 Ground Lease and the Series 2017 Ground Lease**

The School Board, as Ground Lessor, granted to the Corporation, as Ground Lessee, a leasehold estate in the Series 2010 Project, and the real estate on which the Series 2010 Project will be located (the

"Series 2010 Project Land") pursuant to the Series 2010 Ground Lease. The Series 2010 Ground Lease ends on the earlier of: (i) the date on which the Series 2010 Certificate and any Refunding Certificates refinancing the Premises (including the Series 2017 Certificates) have been paid in full or provision for payment of the Series 2010 Certificate in full has been made pursuant to the Trust Agreement and any Supplemental Rent arising under the Master Lease shall have been paid or provided for, or (ii) ten (10) years from the final maturity date of the Series 2010 Certificate and any Series of Certificates refunding such Certificates (including the Series 2017 Certificates) (both dates inclusive).

The School Board, as Ground Lessor, granted to the Corporation, as Ground Lessee, a leasehold estate in the Series 2017 Project, and the real estate on which the Series 2017 Project will be located (the "Series 2017 Project Land") pursuant to the Series 2017 Ground Lease. The Series 2017 Ground Lease ends on the earlier of: (i) the date on which the Series 2017 Certificates and any Refunding Certificates refinancing the Premises have been paid in full or provision for payment of the Series 2017 Certificates in full has been made pursuant to the Trust Agreement and any Supplemental Rent arising under the Master Lease shall have been paid or provided for, or (ii) ten (10) years from the final maturity date of the Series 2017 Certificates and any Series of Certificates refunding such Certificates (both dates inclusive).

In addition, the School Board, as Ground Lessor, entered into separate Ground Lease Agreements, as amended, with the Corporation, as Ground Lessee, and leased the land upon which each of the Projects comprising the Prior Projects is located. The Corporation in turn subleased the land back to the School Board pursuant to each of the outstanding Lease Schedules. The Corporation has assigned to the Trustee for the benefit of the Owners of the respective Series of Certificates all of its rights, title and interest in and to the leasehold estates in such lands. The term of each of the Ground Leases commenced on the dated date of the respective Series of Certificates and each will terminate on the earlier of: (i) the date on which the respective Series of Certificates have been paid in full or provision for payment of the respective Series of Certificates has been made pursuant to the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for, or (ii) a date certain specified therein.

The title to the Land shall remain with the School Board and title to all components of the various Projects, other than Designated Equipment, shall be in the name of the Corporation pursuant to the Leases, and shall remain vested in the Corporation until the earlier of: (i) the date the respective Series of Certificates no longer remain outstanding, and (ii) the end of the respective Ground Lease Term. So long as the Master Lease has not been terminated, the Corporation shall pay the School Board \$10.00 per annum as rental payment under each of the Ground Leases. Upon termination of the Master Lease the rental of the Land, shall be increased to fair market value in accordance with the terms of the Ground Leases. The payment of such increased rent is subordinate to the obligation to pay the Principal Component and the Interest Component of the respective Series of Certificates related to each specific Ground Lease.

The foregoing does not attempt to completely summarize the provisions of the Series 2010 Ground Lease and the Series 2017 Ground Lease, see "APPENDIX G: SERIES 2010 GROUND LEASE AND FORM OF SERIES 2017 GROUND LEASE" attached hereto.

## **Lease Agreements**

The Master Lease provides for the lease-purchase financing by the School Board from time to time of various real and/or personal property projects (the "Projects"), including the Series 2010 Project,

the Series 2017 Project and the Prior Projects, that are described in various Lease Schedules to be attached to the Master Lease. The Master Lease provides the terms and conditions governing the lease of the Projects, and the framework under which the School Board is obligated to pay rent ("Lease Payments") to the Corporation for the Project described on a particular Lease Schedule. Lease Payments consist of Basic Rent, the Principal Component and the Interest Component of which are set forth in each Lease Schedule, and Supplemental Rent set forth on such Lease Schedule, consisting of, among other things, Trustee and Corporation fees and expenses, redemption premiums, and other financing expenses. Each Lease Schedule describes the Project to be lease-purchased by the School Board and the details governing the particular lease transaction, including the obligation to make Basic Rent Payments for such Project and to pay Supplemental Rent. The School Board agrees in the Master Lease to pay as lease rental thereunder for each Project, the Basic Rent no later than the 10th day of the month prior to the Payment Dates as set forth in the Lease Schedule relating to such Project.

Under the Trust Agreement, one or more Series of Certificates may be issued to obtain funds to be used to pay the costs of acquisition and construction of Projects. The proceeds of the sale of the Certificates of each Series are deposited with the Trustee and will be requisitioned by the School Board, acting as agent for the Corporation, to pay the costs of one or more related Projects. The Corporation has assigned its rights under the Master Lease, including its right to receive Basic Rent Payments from the School Board under all Lease Schedules, other than its right to indemnification, its rights under the Ground Leases, its right to enter into additional Lease Schedules, and its obligation not to impair the tax status of the Certificates, to the Trustee for the benefit of owners of the Certificates of all Series in order to secure such Certificates. Failure to appropriate any Lease Payment results in an Event of Non-Appropriation with respect to all Lease Payments set forth on all Lease Schedules to the Master Lease, and a default with respect to any obligation under the Master Lease and any Lease Schedule results in an Event of Default with respect to the entire Master Lease and all Lease Schedules thereto. See "SECURITY FOR THE SERIES 2017 CERTIFICATES" herein.

The Series 2010 Lease Agreement is automatically renewable annually through June 30, 2021, unless earlier terminated in accordance with the Series 2010 Lease Agreement. The Series 2017 Lease Agreement is automatically renewable annually through June 30, 2038, unless earlier terminated in accordance with the Series 2017 Lease Agreement. The Principal Component of the Basic Rent Payments under the Series 2010 Lease Agreement and the Series 2017 Lease Agreement represented by the Series 2017 Certificates is payable in accordance with the maturity schedule set forth on the inside cover page hereof, subject to prepayment as provided herein.

The foregoing does not attempt to completely summarize the provisions of the Master Lease. See "APPENDIX E: MASTER LEASE-PURCHASE AGREEMENT AND FORMS OF SERIES 2010 LEASE AGREEMENT AND SERIES 2017 LEASE AGREEMENT" attached hereto.

### **THE SERIES 2010 PROJECT**

The Series 2010 Project to be refinanced with a portion of the proceeds of the Series 2017 Certificates consisted of the acquisition, construction, installation and equipping of certain real property, educational facilities and equipment located within the District, including:

### *Emerald Coast Middle School*

Emerald Coast Middle School was constructed in South Walton County on a site of approximately 40 acres. The facilities consist of 23 classrooms; one science lab; three science demonstration classrooms; two skills development labs; three resource rooms; one music classroom; one art classroom; one vocational classroom and lab; two technology labs; one technology resource room; a media center; and facilities for physical education, administration, student personnel services, food services, staff support, teacher planning and custodial service. The cost of construction was approximately \$18,217,000. The middle school was completed in April 2011.

### **THE SERIES 2017 PROJECT**

The Series 2017 Project to be partially financed with a portion of the proceeds of the Series 2017 Certificates consists of the acquisition, construction, and/or installation of certain real property, educational facilities, and equipment located in the District as described below. Under certain conditions of the Master Lease, the School Board may substitute components of the respective Projects and modify the plans and specifications therefor.

### *New Elementary School South*

New Elementary School South will be constructed on a 33 acre site owned by the School Board. When completed, the facilities will consist of 30 primary classrooms; 20 intermediate classrooms; two part time Exceptional Student Education ("ESE") classrooms; three full time ESE classrooms, two elementary art classrooms; two prekindergarten through fifth music classrooms; and facilities for physical education, administration, student personnel services, food services, staff support, teacher planning and custodial service. The cost of construction of the new elementary school will be approximately \$38,800,000. The elementary school is expected to be completed in April 2019.

### **THE PRIOR PROJECTS**

The following descriptions of other projects are general descriptions of projects currently subject to the Master Lease.

#### **The Series 1999-1 Project**

The Series 1999-1 Project consisted of the acquisition, construction, installation and equipping of certain real property, educational facilities and equipment located within the District, including:

### *Freeport High School*

Freeport High School was constructed in Freeport, Florida, on a 33 acre portion of an 80 acre site owned by the School Board. The facilities consist of 12 classrooms; two science demonstration classrooms; two science labs; five resource rooms; one skills development lab; one ESE suite; four vocational labs; one band classroom; an administrative suite as well as facilities for physical education, personnel services, food services, teacher planning, textbook storage and restrooms. The cost of construction was approximately \$16,300,000. The high school was completed in August 2003.

### *South Walton High School*

South Walton High School was constructed in South Walton County on a site of approximately 23 acres. The facilities consist of 10 classrooms; two science labs; two skills development labs; five resource rooms; three self-contained ESE classrooms; one ESE resource room; one ESE supplementary instruction space; one music classroom; five vocational labs; a media center, and facilities for physical education, administration, student personnel services, food services, staff support, teacher planning and custodial service. The cost of construction was approximately \$16,300,000. The high school was completed in August 2003.

### **The Series 2015 Project**

The Series 2015 Project consisted of the acquisition, construction, installation and equipping of certain real property, educational facilities and equipment located within the District, including:

### *Walton Middle School*

Walton Middle Schools was constructed on a 27 acre site owned by the School Board. The site contains several buildings that were constructed over the past 60 to 70 years. The construction of Walton Middle School included demolishing approximately 80% of the existing buildings and new construction of approximately 130,000 square feet. The facilities consist of 29 classrooms; three science demo classrooms; one music classroom; one art classroom; five tech computer classrooms; two science labs; one ESE classroom; a media center, and facilities for physical education, administration, student personnel services, food services, staff support, teacher planning and custodial service. The cost of construction was approximately \$27,176,000. The middle school was completed in June 2016.

## **DESIGNATED EQUIPMENT**

Certain of the Projects include Designated Equipment which consists of equipment components not constituting fixtures of the educational facilities described above. Upon the occurrence of an Event of Non-Appropriation or an Event of Default, neither the holders of the Series 2017 Certificates nor the holders of the Prior Certificates or any additional Series of Certificates will have rights to the components of any Project constituting Designated Equipment.

## **THE CORPORATION**

The Corporation is a Florida not-for-profit corporation formed for the purpose of acting as lessor in connection with "lease-purchase" capital financings for the School Board. The Corporation may in the future initiate additional Lease Schedules under the Master Lease, enter into other lease-purchase agreements with the School Board and cause certificates of participation to be issued which represent lease payments to be made under one or more lease-purchase agreements with the School Board. The members of the Corporation are the members of the School Board. The Chairperson of the School Board serves as Chairperson of the Board of Directors and President of the Corporation; the Vice Chairperson of the School Board serves as Vice Chairperson of the Board of Directors and Vice President of the Corporation; the Superintendent of the School Board serves as ex-officio Secretary of the Corporation; and the Chief Financial Officer of the School Board serves as the Treasurer of the Corporation. There is no litigation presently pending against the Corporation.

The Corporation has assigned all of its right, title, and interest in and to the Master Lease (except certain indemnification rights, the right to initiate additional Lease Schedules from time to time and its obligation not to impair the tax status of the Certificates) including its right to receive Lease Payments from the School Board, its right, title, and interest in and to the Ground Leases, and its right to use, sell, and re-let Projects, to the Trustee. The Trustee directly collects from the School Board all of the Basic Rent Payments which are the source of and security for payment of the Certificates. Therefore, the credit of the Corporation is not material to any of the transactions contemplated in this Offering Statement. No financial information concerning the Corporation has been included herein, nor is it contemplated that any such financial information will be included in any future Offering Statement relating to the sale of any additional Series of Certificates or other obligations of the School Board or the Corporation.

## ESTIMATED SOURCES AND USES OF FUNDS

### SOURCES OF FUNDS:

Par Amount of Series 2017 Certificates	\$36,580,000.00
Series 2017 Certificate Premium	<u>5,968,866.95</u>
Total Sources	<u>\$42,548,866.95</u>

### USES OF FUNDS:

Deposit to Series 2017 Subaccount of the Project Account	\$38,800,000.00
Payment to SunTrust Bank, N.A. to redeem Series 2010 Certificate	3,392,854.72
Costs of Issuance <sup>(1)</sup>	<u>356,012.23</u>
Total Uses	<u>\$42,548,866.95</u>

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<sup>(1)</sup> Includes, without limitation, underwriters' discount, legal, financial advisory and accounting fees, printing costs, and other costs associated with the issuance of the Series 2017 Certificates.

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## CERTIFICATE PAYMENT SCHEDULE

Payment Requirements on the outstanding Certificates after the issuance of the Series 2017 Certificates and the refunding of the Series 2010 Certificate are as follows:

Year Ending July 1	Series 2017 Certificates <sup>(1)</sup>					
	Series 2005 Certificates <sup>(1)</sup>	Series 2015 Certificate <sup>(1)</sup>	Principal Component	Interest Component	Combined Debt Service	Total Combined Annual Payments
2018	\$2,066,075	\$2,092,750	\$1,070,000	\$1,305,561	\$2,375,561	\$6,534,386
2019	2,068,163	2,094,250	1,060,000	1,764,900	2,824,900	6,987,313
2020		2,093,500	2,285,000	1,722,500	4,007,500	6,101,000
2021		2,090,500	1,245,000	1,608,250	2,853,250	4,943,750
2022		2,090,250	1,305,000	1,546,000	2,851,000	4,941,250
2023		2,092,500	1,370,000	1,480,750	2,850,750	4,943,250
2024		2,092,000	1,440,000	1,412,250	2,852,250	4,944,250
2025		2,093,750	1,515,000	1,340,250	2,855,250	4,949,000
2026		2,092,500	1,590,000	1,264,500	2,854,500	4,947,000
2027		2,093,250	1,670,000	1,185,000	2,855,000	4,948,250
2028		2,090,750	1,750,000	1,101,500	2,851,500	4,942,250
2029		2,090,000	1,840,000	1,014,000	2,854,000	4,944,000
2030		2,090,750	1,930,000	922,000	2,852,000	4,942,750
2031		2,092,750	2,030,000	825,500	2,855,500	4,948,250
2032		2,090,750	2,130,000	724,000	2,854,000	4,944,750
2033		2,089,750	2,235,000	617,500	2,852,500	4,942,250
2034		2,094,500	2,345,000	505,750	2,850,750	4,945,250
2035		2,089,500	2,465,000	388,500	2,853,500	4,943,000
2036			2,590,000	265,250	2,855,250	2,855,250
2037			2,715,000	135,750	2,850,750	2,850,750
Total	\$4,134,238	\$37,654,000	\$36,580,000	\$21,129,711	\$57,709,711	\$99,497,949

<sup>(1)</sup> The School Board currently levies a Capital Outlay Millage Levy of 1.393 mills. The District is statutorily required to limit the portion of Annual Lease Payments relating to the outstanding Certificates to an amount such that total Annual Lease Payments paid by the Capital Outlay Millage Levy do not exceed 75% of the Capital Outlay Millage Levy (which equals 1.04475 mills of the 1.393 mills); provided, however, that such 75% limitation does not apply to Lease Agreements entered into prior to June 30, 2009 (which includes the Series 2005 Lease Agreement). See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Anticipated Capital Outlay Millage Levy Required to Cover Payments on the Certificates" herein.

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## THE SCHOOL DISTRICT OF WALTON COUNTY, FLORIDA

### General

The geographic boundaries of the District are coterminous with those of the County. The County is situated in the panhandle of the State on the Gulf Coast and is bordered by Okaloosa County, Florida to the West, Holmes County, Florida to the Northeast, Washington County, Florida to the East and Bay County, Florida to the Southeast and is comprised of approximately 1,046 square miles, with its principal population centered in the City of DeFuniak Springs, Florida, the City of Freeport, Florida and the Town of Paxton, Florida. See "APPENDIX A: GENERAL INFORMATION RELATING TO WALTON COUNTY, FLORIDA" attached hereto for a further description of the County and certain demographic information.

For the Fiscal Year 2017-18, the District has budgeted for 14 schools and centers, an estimated 9,249 unweighted full-time equivalent ("FTE") students, and approximately 1,233 employees, of which approximately 653 were instructors. Management of the schools of the District is independent of County and municipal governments. The County Tax Collector collects taxes for the District, but exercises no control over expenditures by the District.

### The Organization and Powers of the School Board

The School Board is a body corporate existing under the laws of the State. The School Board is the governing body of the District, consisting of members elected County-wide for overlapping four-year terms. Under existing law, the School Board's duties and powers include, but are not limited to, the development of policies and rules for the efficient operation of the District; the acquisition, maintenance, and disposition of school property within the District; the development and adoption of a school program for the District; the establishment, organization, and operation of schools, including vocational and evening schools, establishment, and operation of programs for gifted students, and for students in residential care facilities; the appointment, compensation, promotion, suspension, and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The School Board also has broad financial responsibilities, including, but not limited to, the approval of the annual budget, adoption of the school tax levy, and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education.

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

<u>Name/Office</u>	<u>Term Expires</u>
Kim Kirby, Chairperson	November 2018
William Eddins, Jr., Vice-Chairperson	November 2018
Jason Catalano	November 2018
Gail Smith	November 2020
Marsha Winegarner	November 2020



## **Superintendent of Schools**

The Superintendent of Schools is the chief executive officer and secretary of the School Board. The Superintendent, who is elected by the citizens, oversees operations of the school system, makes policy recommendations to the School Board, and performs the duties assigned to him by law and the regulations of the State Department of Education ("FDOE"). The Superintendent is elected for a four-year term, with the current term expiring in November 2020.

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

## **Administration**

*A. Russell Hughes* – Mr. Hughes was elected Superintendent of the District on November 8, 2016. Mr. Hughes received his Bachelor of Science in Business Education from Langston University in Langston, Oklahoma; Masters in Educational Leadership from University of West Florida, Pensacola, Florida; and Master of Arts in Biblical Studies from Andersonville Theological Seminary in Camilla, Georgia. His professional career in education includes experience as: high school teacher, coach, dean of students, principal; middle school head coach and assistant principal; and district superintendent of schools. He has been instrumental in expanding and bringing new educational opportunities to the District in his previous educational positions. His professional involvement throughout out the District has also helped to enhance the education provided to students through business partnerships. His 24 years in the educational profession have also brought him many recognitions and accolades.

*Debra Noyes* – Ms. Noyes was appointed Chief Finance Officer on September 8, 2014. She attended New York University where she earned a Bachelor of Science Degree in Accounting. Ms. Noyes has been a Florida Certified Public Accountant since 1984. Her professional career includes internal auditing, public accounting, industry financial management and hospital operations experience.

*Stephanie Hofheinz* – Ms. Hofheinz was appointed Finance Coordinator on October 29, 2014. She attended Florida State University where she earned a Bachelor of Science Degree in Business/Marketing. Ms. Hofheinz has been in the field of governmental accounting since 1994, including serving as Chief Financial Officer for the Liberty County School District in the City of Bristol, Florida for 10 years. She also worked for the FDOE in the Office of Funding and Financial Reporting prior to working with the District.

*Mark Gardner* – Mr. Gardner has been the Director of Facilities for the District for eight years. He attended Florida State University, then the University of West Florida where he earned a Bachelor of Science Degree in Business Management. Mr. Gardner earned his Masters Degree in Education Leadership from the University of West Florida. His educational and professional career include: general contractor, vocational teacher for construction science, Facilities Specialist/Program Director for the School Board of Okaloosa County for approximately 18 years and Director of Facilities for Northwest Florida State College prior to working with the District.

## Academics

For the Fiscal Year 2017-18, the School Board has budgeted a total of 14 school facilities consisting of: six elementary schools comprised of students in kindergarten through fifth grade; three middle schools comprised of students in the sixth, seventh, and eighth grades; three high schools comprised of students in grades nine through 12; one K-12 school; and one technical college. In addition, there are two charter schools that are reported as component units of the District.

The elementary school program emphasizes basic skills including reading, writing, language arts, and mathematics. The balanced curriculum includes instruction in science, computer literacy, health, social studies, art, music, and physical education. These programs are designed to build a strong foundation and each child is required to attain very specific levels of achievement before promotion to the next grade.

The middle school curriculum is centered on English, math, science, computer literacy, and social studies. Students are encouraged to begin developing their strengths and interests through electives such as art, music, foreign languages, and vocational exploratory programs.

High school programs are designed to meet the needs of the college bound as well as vocational students. All of the high schools are fully accredited by the Southern Association of Colleges and Schools. Students who plan to continue their education into college may take a broad range of college preparatory courses as well as advanced placement and honors courses.

## Historical and Projected Growth

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

**Summary of Statistical Data  
Five-Year History**

School Year	Number of Schools <sup>(1)</sup>	Number of Instructors <sup>(1)</sup>	District School FTE Students	Charter School FTE Students	Average Expenditure per FTE Student
2016-2017	13	626	8,920	519	\$13,168
2015-2016	13	626	8,560	479	13,080
2014-2015	13	613	8,298	459	12,129
2013-2014	13	643	7,845	379	11,518
2012-2013	13	621	7,678	296	10,686

<sup>(1)</sup> Does not include charter schools and the technical college.

*Source: School District of Walton County, Florida, Finance Department.*

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The following table presents the projected full time equivalent enrollment of the District for the School Years 2017-18 through 2022-23:

#### **Projected Student Enrollment**

School Year	Estimated District School FTE Students	Estimated Charter School FTE Students
2017-18	9,249 <sup>(1)</sup>	519
2018-19	9,428	535
2019-20	9,668	551
2020-21	9,991	567
2021-22	10,274	584
2022-23	10,547	602

<sup>(1)</sup> As of September 1, 2017, actual enrollment for the 2017-18 school year was 9,694.

*Source: For District School FTE Students, State of Florida Office of Economic & Demographic Research, Conference Report for Pre-K-12 Enrollment Education Estimating Conference, Florida School District Programs Unweighted Full-Time Equivalent (FTE) Student Enrollment, July 27, 2017. For Charter School FTE Students, the School District of Walton County, Florida.*

#### **Employee Relations**

The professional staff of the District includes teachers, supervisors, analysts, specialists, and administrators. Other personnel include teachers' aides, clerks and secretaries, bus drivers, cafeteria personnel, custodial and maintenance workers, and mechanics. For the Fiscal Year 2017-18, the School Board has budgeted to employ approximately 1,233 employees. Approximately 653 instructors and 517 support personnel are represented by the Walton County Education Association which is affiliated with Florida Education Association-United, AFT, and AFCIA (the "Association"). The three year contract between the School Board and the Association for instructional employees expires June 30, 2019. The three year contract between the School Board and the Association for non-instructional employees expired June 30, 2017. The School Board is currently in negotiations with the Association on a replacement contract for non-instructional employees. State law requires operating under the current contract until a new contract has been negotiated and approved, and prevents public employees and employee organizations from conducting a strike or instigating a strike against a public employer.

#### **Accounting and Funds**

Pursuant to Section 11.45, Florida Statutes, the financial operations of the School Board are subject to annual audit. The financial operations of the District are audited annually by the State's Auditor General's office. Audit responsibilities assigned to the Auditor General include the presentation of an annual report on the School Board's financial statements, assessment of the adequacy of the School Board's control environment, and determination of the School Board's compliance with legal requirements.

Accounting policies conform with accounting principles generally accepted in the United States applicable to state and local governmental units. The District implemented the provisions of GASB

Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* ("GASB 34"), and related GASB pronouncements, during the Fiscal Year ended June 30, 2002. GASB 34 creates new basic financial statements for reporting the District's financial activities. In addition to fund-basis financial statements, the financial statements now include government-wide financial statements prepared on the accrual basis of accounting that splits the District's programs between governmental and business-type activities. The organization of such financial statements is as follows:

Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separated component units for which the primary government is financial accountable.

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

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

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

Fund Financial Statements – The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component units. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

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, maintenance, and renovation and remodeling projects, new and replacement equipment, motor vehicle purchases, and payments for educational facilities and sites due under a lease-purchase agreement.

Capital Projects – Other Fund – to account for the financial resources primarily generated by certificates of participation to be used for educational capital outlay needs, including new construction.

Additionally, the District reports the following fiduciary fund type:

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

### **Accounting, Auditing, and Budget System**

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

Generally accepted accounting principles are used in the financial accounting and reporting of the School Board. These generally accepted accounting principles are promulgated and published by the Governmental Accounting Standards Board (an independent nongovernmental body). The Governmental Accounting Standards Board is the recognized authority on specific application of generally accepted accounting principles to governmental agencies.

The School Board uses an account classification system specified in a manual entitled Financial and Program Cost Accounting and Reporting for Florida Schools. Specific accounting forms and instructions and data collection instruments must be submitted to the Commissioner of Education of the State at designated intervals. Staff within the Financial Management Section of the Department of Education review and the Commissioner of Education approves the School Board's annual budget prior to implementation.

### **General Fund Operations**

The School Board's general fund revenues are derived from federal and State appropriations and local sources. The table on the following page summarizes results of operations for the general fund for the Fiscal Years 2011-12 through 2015-16, audited, for Fiscal Year 2016-17, unaudited, and for Fiscal Year 2017-18, budgeted.

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## Summary of Revenues and Expenses – General Fund

	Fiscal Year Ended						Budgeted
	Audited					Unaudited	
	2012	2013	2014	2015	2016	2017	
<b>REVENUES:</b>							
Federal Direct	\$288,060	\$553,196	\$259,684	\$280,954	\$270,829	\$360,631	\$281,987
Federal Through State and Local	171,911	259,198	248,093	294,970	56,140	392,587	294,441
State Sources	12,648,132	13,596,255	14,322,076	16,437,481	15,576,808	16,459,296	16,937,089
Local Sources	44,205,445	48,234,835	51,091,480	56,455,133	60,165,130	64,964,141	67,757,534
<b>TOTAL REVENUES<sup>(1)</sup></b>	<b>\$57,313,548</b>	<b>\$62,643,483</b>	<b>\$65,921,333</b>	<b>\$73,468,538</b>	<b>\$76,068,906</b>	<b>\$82,176,656</b>	<b>\$85,271,050</b>
<b>EXPENDITURES:</b>							
Current:							
Instruction	\$37,327,501	\$38,393,647	\$40,437,602	\$41,100,837	\$43,827,005	\$45,718,779	\$50,876,565
Pupil Personnel Services	2,078,608	2,257,781	2,395,302	2,253,004	2,336,244	2,489,746	2,810,513
Instructional Media Services	995,229	1,066,519	1,010,376	874,986	925,520	965,460	1,001,883
Instruction and Curriculum Development	706,341	634,482	890,754	895,674	1,114,014	1,047,959	1,342,709
Instructional Staff Training Services	350,560	592,196	535,668	660,969	760,960	829,117	1,145,412
Instructional Related Technology	738,355	713,001	1,183,578	908,106	1,042,765	1,427,123	2,614,934
School Board	333,292	368,504	453,436	642,961	408,376	433,419	528,088
General Administration	200,033	228,995	269,705	236,832	244,323	272,461	265,711
School Administration	4,530,973	4,751,675	4,994,690	5,025,717	4,899,082	5,213,873	5,259,662
Facilities Acquisition and Construction	56,435	--	--	--	--	488,976	567,306
Fiscal Services	408,535	366,637	362,783	493,196	1,250,255	522,493	576,003
Food Services	36,752	49,650	76,449	33,355	28,596	16,449	15,242
Central Services	715,789	656,244	671,468	729,133	728,261	736,585	795,303
Pupil Transportation Services	4,063,799	4,487,742	4,871,270	4,786,991	4,827,882	5,003,312	5,206,762
Operation of Plant	7,762,098	8,203,819	7,777,561	8,014,119	7,880,772	7,978,719	8,534,295
Maintenance of Plant	1,485,517	1,535,776	1,510,165	1,875,921	1,980,801	1,893,302	2,136,473
Administrative Technology Services	304,390	303,116	324,476	304,555	272,796	445,025	591,340
Community Services	336,744	344,366	352,515	351,191	452,372	465,746	463,768
Capital Outlay:							
Facilities Acquisition and Construction	--	--	--	--	--	--	--
Other Capital Outlay	293,877	150,212	227,963	26,435	138,602	137,669	--
Debt Service:							
Principal	--	--	--	--	--	--	--
Interest and Fiscal Charges	99,993	89,723	111,130	129,936	140,516	34,621	34,621
<b>TOTAL EXPENDITURES<sup>(1)</sup></b>	<b>\$62,824,820</b>	<b>\$65,194,083</b>	<b>\$68,456,891</b>	<b>\$69,343,918</b>	<b>\$73,259,142</b>	<b>\$76,120,833</b>	<b>\$84,766,588</b>
Excess (Deficiency) of Revenues							
Over Expenditures	\$(5,511,273)	\$(2,550,600)	\$(2,535,558)	\$4,124,620	\$ 2,809,764	\$6,055,823	\$2,628,987
<b>OTHER FINANCING SOURCES:</b>							
Operating Transfers In	\$2,451,239	\$2,914,896	\$2,175,838	\$2,429,951	\$2,288,364	\$2,855,994	\$3,794,025
Insurance Loss Recoveries	2,236	--	17,448	119,241	93,612	7,226	--
Operating Transfers Out	--	(300,000)	(399,846)	(310,648)	--	(44,549)	(150,000)
<b>TOTAL OTHER FINANCING SOURCES<sup>(1)</sup></b>	<b>\$2,453,475</b>	<b>\$2,614,896</b>	<b>\$1,793,440</b>	<b>\$2,238,544</b>	<b>\$2,381,976</b>	<b>\$2,818,670</b>	<b>\$3,644,025</b>
<b>Net Change in Fund Balances</b>	<b>\$(3,057,798)</b>	<b>\$64,296</b>	<b>\$(742,118)</b>	<b>\$6,363,164</b>	<b>\$5,191,740</b>	<b>\$8,874,493</b>	<b>\$504,462</b>
<b>FUND BALANCES, Beginning</b>	<b>\$5,797,242</b>	<b>\$2,739,445</b>	<b>\$2,803,741</b>	<b>\$2,061,622</b>	<b>\$8,424,786</b>	<b>\$13,616,526</b>	<b>\$22,491,019</b>
<b>FUND BALANCES, Ending<sup>(1)</sup></b>	<b>\$2,739,445</b>	<b>\$2,803,741</b>	<b>\$2,061,622</b>	<b>\$8,424,786</b>	<b>\$13,616,526</b>	<b>\$22,491,019</b>	<b>\$26,639,506</b>
Nonspendable	223,764	243,778	121,559	41,282	32,115	63,973	150,000
Restricted	427,802	468,591	83,737	148,585	421,169	182,477	586,893
Assigned	--	--	--	729,613	1,484,028	2,285,285	3,140,408
Unassigned	2,087,879	2,091,371	1,856,326	7,505,306	11,679,214	19,959,284	22,762,205

<sup>(1)</sup> Totals may not add due to rounding.

Sources: For the Fiscal Years 2011-12 through 2015-16, Walton County District School Board, Financial, Operation, and Federal Single Audit for the Fiscal Year ended June 30, 2013 through 2016. For the Fiscal Year 2016-17, Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017. For Fiscal Year 2017-18, Annual Budget Report for the Fiscal Year ended June 30, 2018

## Required General Fund Balance

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

The table below shows the assigned and unassigned fund balances and percentage of General Fund revenues for the Fiscal Years 2011-12 through 2017-18:

### Assigned and Unassigned Fund Balance for the District's General Fund

Fiscal Year Ended June 30	Assigned and Unassigned General Fund Balance	Percentage of General Fund Revenues
2012	\$2,087,879	3.64%
2013	2,091,371	3.34
2014	1,856,326	2.80
2015	8,234,919	11.21
2016	13,163,242	17.30
2017 <sup>(1)</sup>	22,244,570	26.09
2018 <sup>(2)</sup>	25,902,613	30.38

<sup>(1)</sup> Unaudited.

<sup>(2)</sup> Budgeted.

*Sources: For the Fiscal Years 2012-13 through 2015-16, Walton County District School Board, Financial, Operation, and Federal Single Audit for the Fiscal Year ended June 30, 2013 through 2016. For the Fiscal Year 2016-17, Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017. For Fiscal Year 2017-18, Annual Budget Report for the Fiscal Year ended June 30, 2018.*

In preparation of its financial statements for Fiscal Year 2013-14, the School Board projected the General Fund balance not classified as restricted, committed or nonspendable would be below 3% of General Fund revenues. As required by State law, the Superintendent provided written notification to the School Board and the Commissioner of Education. As described in the written notification, the reduction in its General Fund balance was a result of (i) inadequate connections between FTE student enrollment and FEFP (as defined herein) funding projections and the allocation of revenues within the budget, (ii) needed improvement to insure actual costs of positions allocated to schools and departments are accurately accounted for, and (iii) an audit exception requiring payback from the General Fund to the local capital improvement fund.

The written notification also described a number of proposals related to the General Fund balance, including: (i) initiating a hiring freeze for all positions until it has been determined that the General Fund balance not classified as restricted, committed or nonspendable is at or above 3% of projected General Fund revenues; (ii) examining teacher and staff allocations for schools and departments and strictly applied the District's allocation formula; (iii) taking steps to insure any transfers from the local capital improvement fund to the General Fund are in compliance with Florida Statutes and not subject to an audit exception; (iv) including in the final budget for Fiscal Year 2014-15 an allocation sufficient to insure that the projected year ending General Fund balance not classified as restricted, committed or nonspendable is at or above 3%; (v) increasing oversight and reporting of all budget components to insure better linkage among projected student enrollment counts, projected revenues, and projected budget line items; (vi) increasing oversight and reporting of all budget components to insure better linkage between the actual costs of each unit allocated to each site, and the funds budgeted for those positions; and (vii) preventing budget amendments from being recommended to the School Board for approval if the impact of the amendment draws the General Fund balance not classified as restricted, committed or nonspendable below 3%.

The Superintendent and the School Board have implemented the proposals described above. In addition, the School Board has also adopted a budget implementation policy, which requires the School Board to assign to the assigned or restricted fund balance an amount equal to no less than one percent of the initial amount of revenues in the General Fund. This amount shall not be spent for any purpose other than to address changes in FTE students or state proration of funds until after the District receives the official report of the fourth calculation of the FEFP and determines the budget position of the District as a result of those calculations, unless otherwise authorized and approved by the School Board.

### **Capital Project Funds Operations**

The table on the following page summarizes results of operations for the capital project funds for the Fiscal Years 2011-12 through 2015-16, audited, for Fiscal Year 2016-17, unaudited, and for Fiscal Year 2017-18, budgeted.

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## Summary of Revenues and Expenses – Capital Projects Funds

	Fiscal Year Ended						
	Audited					Unaudited	Budgeted
	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>							
State Sources	--	--	--	\$187,203	\$119,221	\$378,168	\$252,729
Local Sources	\$11,708,409	\$9,888,373	\$16,155,354	\$18,073,148	20,448,145	22,769,276	24,711,829
<b>TOTAL REVENUES<sup>(1)</sup></b>	\$11,708,409	\$9,888,373	16,155,354	\$18,260,351	\$20,567,366	\$23,147,444	\$24,964,558
<b>EXPENDITURES</b>							
Current – Education:							
Facilities Acquisition and Construction	\$1,758,938	\$1,342,978	\$2,775,316	\$1,386,270	\$603,028	--	--
Fixed Capital Outlay:							
Facilities Acquisition and Construction	1,568,950	2,626,435	3,639,528	15,144,362	24,785,382	\$18,321,929	\$29,143,259
Other Capital Outlay	2,324,948	892,122	3,088,152	--	--	--	--
Debt Service							
Principal	--	--	--	--	--	--	--
Interest and Fiscal Charges	--	--	--	--	--	--	--
<b>TOTAL EXPENDITURES<sup>(1)</sup></b>	\$5,652,837	\$4,861,535	\$9,502,997	\$17,858,864	\$25,388,410	\$18,321,929	\$29,143,259
Excess (Deficiency) of Revenues Over Expenditures <sup>(1)</sup>							
	\$6,055,572	\$5,026,837	\$6,652,358	\$401,487	\$(4,821,044)	\$4,825,515	\$(4,178,701)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	--	--	--	1,455,306	--	96,374	--
Certificates of Participation	--	--	--	25,673,652	--	--	--
Premium on Certificates of Participation	--	--	--	4,326,348	--	--	--
Insurance Loss Recovers	18,779	--	224,846	--	--	--	--
Transfers Out	(5,538,761)	(5,569,822)	(5,174,920)	(7,720,635)	(7,638,642)	(8,306,356)	\$(9,294,025)
<b>TOTAL OTHER FINANCING SOURCES (USES)<sup>(1)</sup></b>	\$(5,519,982)	\$(5,569,822)	\$(4,950,073)	\$23,734,671	\$(7,638,642)	\$(8,209,982)	\$(9,294,025)
<b>Net Change in Fund Balances<sup>(1)</sup></b>	535,590	(542,985)	1,702,284	24,136,158	(12,459,687)	(3,384,467)	(13,472,726)
<b>FUND BALANCES, Beginning<sup>(1)</sup></b>	\$10,506,259	\$11,041,849	\$10,498,864	\$12,201,148	\$36,337,306	\$23,877,620	\$20,493,149
<b>FUND BALANCE, Ending<sup>(1)</sup></b>	\$11,041,849	\$10,498,864	\$12,201,148	\$36,337,306	\$23,877,620	\$20,493,149	\$7,020,424

<sup>(1)</sup> Totals may not add due to rounding.

Sources: For the Fiscal Years 2011-12 through 2015-16, Walton County District School Board, Financial, Operation, and Federal Single Audit for the Fiscal Year ended June 30, 2013 through 2016. For the Fiscal Year 2016-17, Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017. For Fiscal Year 2017-18, Annual Budget Report for the Fiscal Year ended June 30, 2018.

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## Direct and Overlapping Debt

	Non-Self Supporting Revenue Debt	Self-Supporting Revenue Debt
<u>DIRECT DEBT (as of June 30, 2017)</u>		
State Board of Education Capital Outlay:		
Revenue Bonds <sup>(1)</sup>		
Series 2014B, Refunding	\$21,000	
Certificates of Participation: <sup>(2)</sup>		
Series 2005, Refunding	3,830,000	
Series 2010 <sup>(3)</sup>	3,365,000	
Series 2015	24,455,000	
TOTAL DIRECT DEBT	<u>\$31,671,000</u>	
<u>OVERLAPPING DEBT (as of September 30, 2016)</u>		
Walton County, Florida		
Half-Cent Sales Tax Note maturing in 2030	23,922,440	
Florida Community Services Corporation		
Water and Sewer Revenue Refunding Bonds, Series 2011		\$6,770,000
Water and Sewer Revenue Refunding Bonds, Series 2012		2,634,000
Water and Sewer Revenue Refunding Note, Series 2013		6,245,000
Water and Sewer Revenue Refunding Note, Series 2015		14,626,000
TOTAL OVERLAPPING DEBT	<u>\$23,922,440</u>	<u>\$30,275,000</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$55,593,440</u>	<u>\$30,275,000</u>

<sup>(1)</sup> These bonds are issued by the Board of Education on behalf of the District. The bonds mature serially and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is pledged for all of these bonds. The Board of Education and the State Board of Administration administer principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements.

<sup>(2)</sup> Represents payments under lease-purchase agreements which are subject to annual renewal by the School Board and do not constitute long-term debt.

<sup>(3)</sup> The Series 2010 Certificate is being refunded with a portion of the proceeds of the Series 2017 Certificates. See "PLAN OF REFINANCE" herein.

*Source: Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017; Walton County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2016.*

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## AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS

The School Board derives its revenues for capital outlay projects from certain State and local sources. The major categories of these revenue sources are briefly described below. In the Fiscal Year 2017-18, excluding borrowing proceeds and existing fund balances, approximately 2% of the annual revenues for capital improvements were budgeted to be provided by state sources and 98% were budgeted to be provided by local sources.

### State Sources

Public Education Capital Outlay. A source of State educational funding contributions to the School Board's capital outlay requirements is the Florida Public Education Capital Outlay Program ("PECO"). PECO funds are derived from revenues generated from the gross receipts tax levied on utilities pursuant to Article VII of the State Constitution. The vast majority of such revenues are generated from assessments imposed on the sale of telecommunication services and electricity pursuant to Chapter 203, Florida Statutes. The method of allocation of funds to the district school boards is provided by State law based upon a statutory formula, a component of which is the number of full-time equivalent students in the school system. The Commissioner administers the PECO program and allocates or reallocates funds as authorized by law. The School Board did not receive any PECO funds for Fiscal Years 2011-12 through 2013-14. The School Board received PECO funds equal to \$152,369 for Fiscal Year 2014-15, \$134,234 for Fiscal Year 2015-16, and \$147,042 (unaudited) for Fiscal Year 2016-17, and has budgeted PECO funds at \$147,042 for Fiscal Year 2017-18. For Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17 the School Board received \$112,478, \$110,008, \$200,918, \$187,203, \$119,221, and \$105,687 (unaudited), respectively, in PECO funds allocated for charter schools in the District. The School Board budgeted a PECO allocation for charter schools for Fiscal Year 2017-18 at \$105,687. The PECO funds allocated for charter schools flow through the District to the charter schools.

Capital Outlay and Debt Service Funds. The State Capital Outlay and Debt Service Funds ("CO&DS") provides funds for the School Board's capital outlay requirements. CO&DS funds are derived from a portion of the revenues collected from motor vehicle license charges. The School Board received \$249,074 in Fiscal Year 2011-12, \$256,076 in Fiscal Year 2012-13, \$258,875 in Fiscal Year 2013-14, \$261,222 in Fiscal Year 2014-15, \$190,441 in Fiscal Year 2015-16, and \$252,000 (unaudited) in Fiscal Year 2016-17. The School Board has budgeted to receive \$252,000 of CO&DS funds in Fiscal Year 2017-18. CO&DS funds are legally available to the School Board to pay the Principal Component and Interest Component of Basic Rent Payments, but only if the Project financed thereby appears on a project priority list approved by the State Board of Education. Neither the Series 2010 Project nor the Series 2017 Project are on the project priority list.

Capital Outlay Bonds. The State Board of Education Capital Outlay Bonds are serviced entirely by the State using a portion of the District's share of revenue derived from CO&DS funds. The annual sinking fund requirements are determined by the State Board of Administration (the "SBA") and amounts necessary to retire bonds and pay interest are withheld from amounts due to the District. CO&DS funds in the amount of \$148,250, \$147,500, \$146,500, \$150,250, \$138,500, and \$147,106 (unaudited) were withheld from the allocations in Fiscal Year 2011-12, Fiscal Year 2012-13, Fiscal Year 2013-14, Fiscal Year 2014-15, Fiscal Year 2015-16, and Fiscal Year 2016-17, respectively, to repay bonds issued by the State and secured by such revenues. The School Board budgeted \$142,000 of CO&DS funds to be withheld from the allocation for Fiscal Year 2017-18, respectively, to repay bonds issued by the State and secured by such revenues.

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

## **Local Sources**

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

Capital Outlay Millage Levy. School Boards may levy a non-voted property tax millage for capital outlay and maintenance purposes pursuant to Section 1011.71(2), Florida Statutes (the "Capital Outlay Millage Levy"). The Capital Outlay Millage Levy may be up to 1.5 mills (each mill represents \$1 of tax assessment per \$1,000 of property value assessment, subject to certain exclusions). The Capital Outlay Millage Levy may be used to fund: (i) new construction and remodeling projects, sites and site improvement or expansion to new sites, existing sites, auxiliary facilities, athletic facilities or ancillary facilities; (ii) maintenance, renovation and repair of existing school plants or of leased facilities to correct deficiencies; (iii) the purchase, lease-purchase, or lease of school buses; (iv) the purchase, lease-purchase, or lease of new and replacement equipment, computer and device hardware and operating system software necessary for gaining access to or enhancing the use of electronic and digital instructional content and resources, and enterprise resource software applications that are classified as capital assets with a useful life of at least five years, and are used to support district-wide administration or state-mandated reporting requirements; (v) payments for educational facilities and sites due under a lease-purchase agreement; (vi) payment of loans approved pursuant to Section 1011.14, Florida Statutes, and Section 1011.15, Florida Statutes; (vii) payment of costs directly related to complying with State and federal environmental statutes, rules and regulations governing school facilities; (viii) payment of costs of leasing relocatable education facilities, of renting or leasing educational facilities and sites, or of renting or leasing buildings or space within existing buildings; (ix) under certain circumstances, payment of the cost of school buses when a school district contracts with a private entity to provide student transportation services; (x) payment of the cost of the opening day collection for the library media center of a new school; and (xi) until July 1, 2018, payout of sick leave and annual leave accrued as of June 30, 2017, by individuals who are no longer employed by a school district that transfers to a charter school operator all day-to-day classroom instruction responsibility for all full-time equivalent students.

**The Capital Outlay Millage Levy is the School Board's primary source of payment of Basic Rent Payments on the Series 2010 Lease Agreement, the Series 2017 Lease Agreement, and the Prior Leases.** Payment of Basic Rent Payments from the Capital Outlay Millage Levy may not exceed three-fourths of the revenues generated from the Capital Outlay Millage Levy; however, the three-fourths limitation is waived for lease-purchase agreements originally entered into prior to June 30, 2009. The Series 2005 Lease Agreement was originally entered into before June 30, 2009, and the three-fourths limitation is waived relative thereto. The three-fourths limitation is applicable to the Series 2010 Lease Agreement, the Series 2015 Lease Agreement, and the Series 2017 Lease Agreement.

In the event that the revenues generated from the Capital Outlay Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make such lease payments.

Additionally, if the revenue from 1.50 mills is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical capital outlay needs, a school board may elect to levy up to 0.25 mills for fixed capital outlay purposes in lieu of levying an equivalent amount of discretionary operating millage.

**The School Board is not required to levy any millage for capital outlay purposes in the future. Since revenues from the Capital Outlay Millage Levy may be used for, but are not pledged to, the payment of Basic Rent Payments under the Series 2017 Lease Agreement, the failure of the School Board to levy all or a portion of the Capital Outlay Millage Levy would have an adverse effect on Available Revenues from which the School Board may appropriate funds to make Basic Rent Payments.**

The School Board's total Capital Outlay Millage Levy for Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17 are 1.073 mills, 0.900 mills, 1.393 mills, 1.393 mills, 1.393 mills, and 1.393 mills, respectively. The School Board has budgeted a Capital Outlay Millage Levy for Fiscal Year 2017-18 of 1.393 mills. The revenues generated from the Capital Outlay Millage Levy received by the School Board for Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17 are \$11,687,630, \$9,870,434, \$16,104,716, \$18,056,328, \$20,448,089, and \$22,769,118. The School Board has budgeted to receive \$24,711,829 of revenues generated from the Capital Outlay Millage Levy for Fiscal Year 2017-18. See the table entitled "Property Tax Rates Direct and Overlapping Governments" under the caption "AD VALOREM TAXATION" for a schedule of the millage assessed by the School Board over the past five years.

Sharing of the Capital Outlay Millage Levy. On June 15, 2017, Governor Rick Scott approved House Bill 7069 ("HB 7069"). HB 7069, among other things, requires school districts to distribute revenues generated from the Capital Outlay Millage Levy on a per student basis between traditional schools and charter schools. Specifically, the allocation of revenues generated from the Capital Outlay Millage is based on the following calculations: (a) reduce the total revenues generated from the Capital Outlay Millage Levy by the school district's annual debt service obligation incurred as of March 1, 2017, that is being satisfied by the revenues generated from the Capital Outlay Millage Levy; (b) divide such adjusted Capital Outlay Millage Levy revenues by the school district's total capital outlay full-time equivalent membership and the total number of unweighted full-time equivalent students of each eligible charter school to determine a capital outlay allocation per full-time equivalent student; (c) multiply the capital outlay allocation per full-time equivalent student by the total number of full-time equivalent students of each eligible charter school to determine the capital outlay allocation for each charter school; and (d) if applicable, reduce the capital outlay allocation identified in (c) by the total amount of State funds allocated to each eligible charter school to determine the maximum calculated revenues generated from the Capital Outlay Millage Levy to be shared with charter schools. School districts are required to distribute revenues generated from the Capital Outlay Millage Levy to charter schools no later than February 1 of each year, beginning on February 1, 2018 for the Fiscal Year 2017-18.

Based on information for the 2017-18 school year and using the calculation described above, the amount of the revenues generated from the Capital Outlay Millage Levy the District will have to share with charter schools for Fiscal Year 2017-18 is \$988,338 or 0.056 mills. However, at this time, the School Board cannot determine the full impact of HB 7069 on the amount of revenues available to the School Board from the Capital Outlay Millage Levy to make Basic Rent Payments under the Master Lease in future years. While HB 7069 will likely result in a reduction in such amount, the School Board, at this

time, does not expect the impact of HB 7069 to adversely affect its ability to make Basic Rent Payments under the Master Lease.

The table below sets forth the estimated Capital Outlay Millage Levy that would satisfy the maximum annual Lease Payments represented by the outstanding Prior Certificates and Series 2017 Certificates following their issuance and the refunding of the Series 2010 Certificate.

<b>Anticipated Capital Outlay Millage Levy Required to Cover Maximum Annual Lease Payments Represented by the Certificates Fiscal Year 2017-18</b>	
Net Taxable Assessed Valuation (Tax Year 2016-17) <sup>(1)</sup>	\$18,479,173,592
Capital Outlay Millage Levy	1.393
Total Revenue Generated by the Capital Outlay Millage Levy Assuming 96% Collection Rate	\$24,711,829
Maximum Annual Lease Payments Represented by the Outstanding Prior Certificates and the Series 2017 Certificates <sup>(2)</sup>	\$6,987,313
Capital Outlay Millage Levy Needed to Satisfy Maximum Annual Lease Payments <sup>(2)</sup>	0.394 mills
Total Estimated Revenues of the Capital Outlay Millage Required to be Shared with District Charter Schools <sup>(3)</sup>	\$988,338
Capital Outlay Millage Levy Anticipated to be Shared with District Charter Schools <sup>(3)</sup>	0.056 mills
Total Revenues of the Capital Outlay Millage Levy Required to Satisfy Maximum Annual Lease Payments and Estimated Revenues to be Shared with District Charter Schools <sup>(2)(3)</sup>	\$7,975,651
Capital Outlay Millage Levy Required to Satisfy Maximum Annual Lease Payments and Anticipated Capital Outlay Millage to be Shared with District Charter Schools <sup>(2)(3)</sup>	0.450 mills
Anticipated Remaining Capital Outlay Millage Levy	0.943 mills
Total Revenue Estimated from Remaining Capital Outlay Millage Levy	\$16,736,178

<sup>(1)</sup> Preliminary taxable value for Fiscal Year 2017-18.

<sup>(2)</sup> Payments from the revenues generated from the Capital Outlay Millage Levy for lease purchase agreements for educational facilities and sites may not exceed three-fourths of the revenues generated from the Capital Outlay Millage Levy; however, the three-fourths limitation was waived for lease-purchase agreements originally entered into prior to June 30, 2009. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources – Capital Outlay Millage Levy" herein. The Series 2005 Lease Agreement was originally entered into before June 30, 2009, and the three-fourths limitation is waived relative thereto. The current estimated maximum annual Lease Payments described herein do not exceed the three-fourths limitation; therefore, such limitation has not been taken into account in calculating the estimated millage levy that would satisfy the maximum annual Lease Payments. However, if such three-fourths limitation was taken into account, the anticipated Capital Outlay Millage Levy required to provide 1.00x coverage of Maximum Annual Lease Payments would equal to 0.486 mills.

<sup>(3)</sup> Such amount equals the estimated total allocation of the Capital Outlay Millage Levy to District charter schools of \$1,206,676 less the estimated total amount of State charter school capital outlay funding allocated to District charter schools of \$218,338. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources – Sharing of the Capital Outlay Millage" herein. Such amount also assumes charter schools in the District that were eligible to receive charter school capital outlay funding in Fiscal Year 2016-17 remain eligible to receive such funds in Fiscal Year 2017-18, and no new charter schools become eligible to receive such funding in Fiscal Year 2017-18.

## OPERATING REVENUE OF THE DISTRICT

The District derives its operating income from a variety of federal, State, and local sources. Although Section 1013.15(2)(a), Florida Statutes, provides that operating funds may be specifically authorized by the School Board to make lease payments on multiple-year leases, the School Board has not previously authorized the use of operating funds to make Basic Rent Payments. In addition, other restrictions applicable to the use of operating funds may conflict with the use of operating funds by the School Board to make Basic Rent Payments under Section 1013.15(2)(a), Florida Statutes, and there can be no assurance that such funds would be available to the School Board to make Basic Rent Payments in the case of such conflicts. **Prospective purchasers should assume that operating funds will not be available to make Basic Rent Payments and that such payments will be made solely from the Capital Outlay Millage Levy.** See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS."

### State Sources

The three primary sources of educational funding from the State are: (i) basic Florida Educational Finance Program ("FEFP") receipts, (ii) FEFP categorical program receipts, and (iii) certain other specified revenue sources.

FEFP. The major portion of State support is distributed under the provisions of the FEFP, which was enacted by the State Legislature in 1973. Basic FEFP funds are provided on a weighted FTE student basis and through a formula that takes into account: (i) varying program costs; (ii) cost differentials between districts; (iii) differences in per-student costs due to the density of student population; and (iv) the required level of local support. Program cost factors are determined by the State Legislature each year. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in other variables comprising the formula, as well as to compensate for increases or decreases in ad valorem tax revenue resulting from adjustments to the valuation of non-exempt property in each county. To participate in FEFP funding, the District must levy a minimum millage for operating purposes, which is set by the State Department of Education. The District's general fund receipts from the State for FEFP pursuant to the above formula for Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17 were \$3,363,053, \$3,654,492, \$3,656,880, \$5,472,270, \$4,393,063, and \$4,581,133 (unaudited), respectively, and was budgeted at \$4,845,633 for Fiscal Year 2017-18.

FEFP Categorical Program. FEFP categorical programs are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each school district. In recent years, most categorical programs have been eliminated and the funds are now earmarked within the FEFP base student allocation. The main remaining categorical program is class size reduction. The allocation for class size reduction is based on a funding formula and the majority of the funds available require actual appropriation by the School Board for the purposes for which they were provided. Total State categorical aid for class size reduction received by the District for Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 were \$7,865,391, \$8,288,808, \$8,504,112, \$8,882,761, \$9,089,682, and \$9,359,723 (unaudited), respectively, and was budgeted at \$9,671,999 for Fiscal Year 2017-18.

State Lottery Revenues. A portion of the revenues generated from the State lottery is distributed to each State school district as Discretionary Lottery revenue and Florida School Recognition Program revenue. The Florida School Recognition program recognizes schools that have received an "A" or improved at least one letter grade from the previous school year and, such revenues are required to be

used for nonrecurring bonuses for school faculty and staff, nonrecurring expenditures for educational equipment or materials, for temporary personnel to assist schools in maintaining or improving student performance, or any combination of these. The District received \$22,870 in Discretionary Lottery revenues and \$401,029 in Florida School Recognition Program revenues for Fiscal Years 2011-12. The District did not receive any Discretionary Lottery revenues, but received \$416,400 in Florida School Recognition Program revenues for Fiscal Year 2012-13. The District did not receive any Discretionary Lottery revenues, but received \$346,232 in Florida School Recognition Program revenues for Fiscal Years 2013-14. The District did not receive any Discretionary Lottery revenues, but received \$432,030 in Florida School Recognition Program revenues for Fiscal Year 2014-15. The District did not receive any Discretionary Lottery revenues, but received \$418,861 in Florida School Recognition Program revenues for Fiscal Year 2015-16. The District did not receive any Discretionary Lottery revenues, but received \$376,109 (unaudited) in Florida School Recognition Program revenues for Fiscal Year 2016-17. The budget for Fiscal Year 2017-18 did not budget for any Discretionary Lottery revenues, but did budget for \$376,109 in Florida School Recognition Program revenues.

### **Local Sources**

Ad Valorem Taxes. Local revenue for District operating support is derived almost entirely from ad valorem real and tangible personal property taxes. In addition, the District earns interest on cash invested and collects other miscellaneous revenues. Ad valorem tax revenue collections for operating levies for the Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 were \$42,888,557, \$44,837,216, \$49,302,727, \$53,098,729, \$58,048,540, and \$62,064,670 (unaudited), respectively, and were budgeted at \$65,708,985 for Fiscal Year 2017-18.

The State Constitution limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills (\$10 per \$1,000 of taxable real and personal property value). Chapter 1001, Florida Statutes, as amended, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State Department of Education. Within this operational limit, each school district desiring to participate in the State's appropriation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the State Legislature and certified by the Commissioner and is referred to as the district "required local effort." The required local effort millage levied by the District for the Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17 were 2.690 mills, 2.865 mills, 3.018 mills, 2.850 mills, 2.707 mills, and 2.549 mills, respectively. The School Board has budgeted that the required local effort millage to be levied by the District for Fiscal Year 2017-2018 will be 2.456 mills. Included in such required local effort is a prior period funding adjustment millage as required by Section 1011.62(4)(e), Florida Statutes. Such prior period millage is levied when the preliminary taxable value for the prior year is greater than the final taxable value for such year, thereby resulting in lower than expected revenues from the required local effort millage. In addition to the required local effort millage, school districts are entitled to a non-voted current operating discretionary millage not to exceed an amount established annually by the State Legislature. However, the District may levy up to 0.25 mills for capital outlay and maintenance of school facilities in lieu of operating discretionary millage. The District levied a non-voted current operating discretionary millage of 0.748 mills for each of the Fiscal Years 2011-12 through 2016-17. The non-voted current operating discretionary millage of 0.748 for Fiscal Year 2017-18 is expected to be levied in accordance with the budget.

School boards, with the approval of the qualified electorate of the school district, may also levy an additional millage for current operations and/or capital outlay purposes, as provided in Section



1011.73, Florida Statutes. The School Board chose, pursuant to authority granted in Section 1011.73(2), Florida States, to seek voter approval for the levy of up to an additional 0.50 mills for operating purposes for a period of four years. The voters in the County approved such levy and the District levied or will levy 0.50 mills for Fiscal Years 2014-15 through 2018-19.

Budgeted revenues from ad valorem taxes are based on applying millage levies to 96% of the non-exempt assessed valuation of real and personal property within the County. See "AD VALOREM TAXATION – Assessed Valuation" below.

### **Federal Sources**

The District receives certain federal moneys, both directly and through the State, substantially all of which are restricted for specific programs. Much of the revenue is derived from grants that are renewed annually. Many grants reimburse for actual eligible expenses, therefore revenue is not accurately available until projects are reconciled at year end. Federal revenue sources recorded for Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 were \$8,474,929.50, \$7,985,375.70, \$7,976,690.42, \$8,572,574.88, \$7,785,314.29, and \$7,947,635 (unaudited), respectively, and was budgeted at \$9,021,356 for Fiscal Year 2017-18.

### **AD VALOREM TAXATION**

The following information is provided in view of the fact that a large portion of the School Board's revenues are derived from ad valorem taxation.

#### **Property Assessment and County Property Appraiser**

General. Ad valorem taxes may be levied only by counties, school districts, municipalities and certain special districts (railroad properties are centrally assessed at the State level). No State ad valorem taxes shall be levied upon real estate or tangible personal property. State law requires that all ad valorem taxation be assessed at a uniform rate within each taxing unit and, with certain exceptions, that real and personal property subject to ad valorem taxation be assessed at 100% of its just value. See "*Limitation on Increase in Assessed Value of Property*" below. The following property is generally subject to taxation in the manner provided by law: (1) all real and personal property in the State and all personal property belonging to persons residing in the State; and (2) all leasehold interests in property of the United States, of the State, or any political subdivision, municipality, agency, authority, or other public body corporate of the State. Pursuant to the State Constitution and State law, certain of such property may be exempt from ad valorem taxation. See "*Exemptions from Ad Valorem Taxation*" below.

Determination of Property Valuation. The Property Appraiser of the County (the "Property Appraiser") determines property valuation on real and tangible personal property subject to ad valorem taxation as of January 1 of each year. By July 1 of each year, the Property Appraiser notifies the County, the District, each municipality within the County, and each other legally constituted special taxing district within the County as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. See "*Setting the Millage*" and "*Limitation on Increase in Assessed Value of Property*" below for limitations on increases in assessed value of property.

Limitation on Increase in Assessed Value of Property. The State Constitution limits the increases in assessed just value of homestead property to the lower of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead.

For all levies other than school district levies, assessment increases for specified non-homestead real property may not exceed ten percent (10%) of the assessment for the prior year. This assessment limitation is, by its terms, to be repealed effective January 1, 2019; however, the State Legislature enacted a joint resolution proposing an amendment to the State Constitution abrogating such repeal, which is required to be submitted to the electors of the State for approval or rejection at the general election of 2018 and, if approved, shall take effect January 1, 2019. See "Legislation Relating to Ad Valorem Taxation – 2017 Legislative Session" below.

Preparation of Tax Roll. The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which is certified to the Tax Collector of the County (the "Tax Collector") by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies. All ad valorem taxes are collected by the Tax Collector and distributed to the various taxing bodies. See "- Tax Collection and Distribution by County Tax Collector" below.

Appealing Property Valuation. Concurrently with notification to the various taxing bodies, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on his or her property. If the individual property owner believes that his or her property has not been appraised at just value, the owner may (1) request an informal conference with the Property Appraiser to resolve the issue, (2) file a petition with the clerk of the County value adjustment board (the "Adjustment Board"), or (3) appeal to the Circuit Court within 60 days of the certification for collection of the tax roll or within 60 days of the issuance of a final decision by the Adjustment Board. A petition to the Adjustment Board must be signed by the taxpayer or be accompanied at the time of filing by the taxpayer's written authorization for representation by a qualified person. A taxpayer receives notice of the hearing and is required to provide the Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony prior to the hearing before the Adjustment Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property

Appraiser if such valuations are found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used by June 1 following the tax year in which the assessments were made. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed with the Adjustment Board increased by more than 10 percent over the previous year. These changes are then made to the final tax roll.

Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition.

### **Assessed Valuation of Taxable Property**

The following table shows the District's assessed and estimated taxable assessed value for Fiscal Years 2007-08 through 2017-18.

#### **ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (Unaudited)**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed Property</u>	<u>Total Taxable Assessed Value</u>
2007-08	\$16,974,022,296	\$439,891,789	\$5,491,109	\$17,419,405,194
2008-09	16,309,642,234	414,872,647	4,666,270	16,501,127,196
2009-10	13,621,104,592	401,799,076	9,519,792	14,032,423,460
2010-11	11,331,443,644	379,096,605	5,182,034	11,715,722,283
2011-12	10,832,375,955	365,866,079	5,642,587	11,203,884,621
2012-13	10,863,802,544	368,067,831	5,911,639	10,938,521,023
2013-14	11,530,989,680	375,510,876	6,177,997	11,912,678,553
2014-15	12,968,106,863	385,409,544	6,380,956	13,359,897,363
2015-16	14,727,636,910	410,933,844	6,474,962	15,145,946,438
2016-17	16,430,807,748	441,373,158	6,910,954	16,879,091,860
2017-18	18,043,328,953	429,061,653	6,782,986	18,479,173,592

*Source: For Fiscal Years 2007-08 through 2016-17, the Florida Department of Revenue, Florida Ad Valorem Valuation and Tax Data Books for Tax Years 2007 through 2016. For Fiscal Year 2017-18, the Florida Department of Revenue, 2017 Preliminary Recapitulation of the Ad Valorem Assessment Rolls of School Required Local Effort, dated June 30, 2017.*

### **Millage Set by Local Governing Body**

General. The State Constitution provides that ad valorem taxes, exclusive of taxes levied for the payment of voter-approved general obligation bonds, shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all

other special districts a millage authorized by law approved by voters. There is no limit on the amount of ad valorem taxes a local government may levy for the payment of debt service on voter-approved general obligation bonds.

As described above, the Property Appraiser is required to certify to each taxing authority the aggregate taxable value of all non-exempt property within the jurisdiction of the taxing authority, as well as the prior year's tax revenues, for use in connection with the determination of the forthcoming budget and millage levy. The form on which such certification is made by the Property Appraiser is required to include instructions to each taxing authority describing the proper method of computing a millage rate, which, exclusive of new construction, additions to structures, deletions and property added due to geographic boundary changes, will provide the same ad valorem tax revenues for each taxing authority as was levied during the prior fiscal year. See “- Millage Rollback Legislation” below.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements. State law requires the School Board to adopt and maintain a balanced tentative budget and a balanced final budget, in which anticipated revenues less certain required deductions combined with beginning fund balances equal appropriations. The School Board is required to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following receipt from the Property Appraiser of the preliminary certificate of taxable value. The School Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the Property Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The Superintendent is responsible for preparing the preliminary and tentative budgets for recommendation to the School Board. Generally, the final budget is substantially the same as the tentative budget since the School Board's hiring plans and materials purchases have been determined before the final Budget is adopted. The School Board adopted the tentative budget for the Fiscal Year 2017-18 on August 1, 2017, and adopted the final budget for the Fiscal Year 2017-18 on September 5, 2017.

As part of the budget process, the District is required to provide advance notice of the purposes for which the District intends to spend budgeted amounts, including those derived from the revenues generated from the Capital Outlay Millage Levy, and to adopt a budget which shows the capital outlay expenditures applicable to each project. For information regarding the Capital Outlay Millage Levy see "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources." The District currently lists in such notice all projects which may begin within the Fiscal Year which are reasonably anticipated to be funded from revenues generated from the estimated Capital Outlay Millage Levy. This listing is provided to allow for public input for all capital outlay projects which are reasonably anticipated to be funded from the revenues.

Millage Rollback Legislation. In 2007, the State Legislature adopted a property tax plan which significantly impacted ad valorem tax collections for State local governments (the “Millage Rollback Legislation”). One component of the Millage Rollback Legislation required counties, cities and special districts to rollback their millage rates for the Fiscal Year 2007-08 to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in Fiscal Year 2006-07; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-07

ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body. School districts are not required to comply with the particular provisions of the Millage Rollback Legislation relating to limitations on increases in future years.

District Millage Rates. The following table shows the millage rates levied by the District and the County for the Fiscal Years 2008-09 through 2017-18:

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
(per \$1,000 Assessed Valuation)  
(Unaudited)**

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
District School Board										
Required Local Effort	1.782	2.183	2.749	2.690	2.865	3.018	2.850	2.707	2.550	2.456
Operating Discretionary	1.042	1.248	1.248	1.248	1.248	1.248	1.248	1.248	1.248	1.248
Capital Outlay	1.223	1.223	1.073	1.073	0.900	1.393	1.393	1.393	1.393	1.393
Total District School Board	4.047	4.654	5.070	5.011	5.013	5.659	5.491	5.348	5.191	5.097
Bd. of County Commr's	3.408	3.557	3.557	3.556	3.556	3.556	3.636	3.636	3.636	3.636
Total County-Wide	7.455	8.211	8.627	8.567	8.569	9.215	9.127	8.984	8.827	8.733

*Source: District figures for the Fiscal Years 2008-09 through 2015-16, Walton County District School Board, Financial, Operation, and Federal Single Audit for the Fiscal Years ended June 30, 2009 through 2016. District figures for the Fiscal Year 2016-17, Annual Budget Report for the Fiscal Year ended June 30, 2017. District figures for the Fiscal Year 2017-18, Annual Budget Report for the Fiscal Year ended June 30, 2018. County figures for the Fiscal Years 2008-09 through 2015-16, Walton County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2016. County figures for the Fiscal Years 2016-17 and 2017-18, the Property Appraiser of Walton County, Florida.*

### **Tax Collection and Distribution by Tax Collector**

General. All real and tangible personal property taxes are based on assessed values as certified and delivered to the Tax Collector by the Property Appraiser as described above. The Tax Collector mails to each property owner on the tax roll a tax bill for the taxes levied by the various taxing authorities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. Because of the discount in ad valorem taxes for payments made prior to March 1, taxes collected will likely never be 100% of the tax levy.

The Tax Collector is required to distribute the taxes collected to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Delinquent Taxes. All unpaid taxes on real and tangible property become delinquent on April 1 of the year following the year in which taxes were levied. Delinquent real property taxes bear interest at

the rate of eighteen percent (18%) per year from April 1 until paid, or until payment is no longer required or until a tax certificate is sold at auction (from which time the interest rate shall be as bid by the buyer of the tax certificate). Delinquent tangible personal property taxes also bear interest at the rate of 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

Tax Certificates and Tax Deeds. On or before June 1 or the sixtieth (60th) day after the date of delinquency, whichever is later, the Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property that is the subject of delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the County. State law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon.

At any time after two years have elapsed since April 1 of the year of the issuance of a tax certificate and before the expiration of seven years, the holder of the tax certificate may apply for a tax deed with respect to any tax certificate it holds. Two years after such April 1, the County may make application for a tax deed with respect to any tax certificate it holds. Upon receipt of such applications, a public sale is advertised and held (unless the property is redeemed), and the highest bidder at such sale receives a tax deed for the property. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

### **Exemptions from Ad Valorem Taxation**

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the State Constitution and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the District has imposed such optional exemptions or limitations. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under “Legislation Regarding Ad Valorem Taxes – Recent Amendments Relating to Ad Valorem Taxation” below.

Constitutional Exemptions. The State Constitution provides for the following exemptions from ad valorem taxation:

*Exempt Entities/Exempt Purposes.* The State Constitution provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

*Household Goods and Personal Effects.* The State Constitution provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than \$1,000 and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than \$500. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

*Tangible Personal Property and Renewable Energy Devices.* The State Constitution provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

*Property Dedicated In Perpetuity for Conservation.* The State Constitution provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

*Homestead Exemption.* The State Constitution provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following additional homestead exemptions are authorized by State law:

*Certain Active Duty Military and Veterans.* A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property.

This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

*Permanently and Totally Disabled Veterans.* A military veteran who is a resident of the State and was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on property they own and use as their homesteads. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

*Discounts for Disabled Veterans.* Each veteran who is age 65 or older and is partially or totally permanently disabled may receive a discount on the assessed value of the property that the veteran owns and uses as a homestead. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Veteran's Affairs.

*Deployed Military Personnel.* Each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the State Legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year.

*Survivors of First Responders.* Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

*Certain Totally and Permanently Disabled Persons.* Any real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/waste water systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes, and certain tangible personal property.

## **Legislation Relating to Ad Valorem Taxation**

Recent Amendments Relating to Ad Valorem Taxation. In recent legislative session, several legislative proposals and constitutional amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting



requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as the permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the State legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad valorem taxes at current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the City, the City's finances in general or the City's ad valorem taxing power.

2017 State Legislative Session. The 2017 State Legislative Session has recently concluded. Several proposals have been passed affecting ad valorem taxation. Such amendments include:

*Additional Homestead Exemption.* On May 2, 2017, State Legislature passed House Joint Resolution 7105 ("HJR 7105"). HJR 7105 proposes amendments to the State Constitution to increase the current homestead exemption by up to \$25,000 by exempting the assessed value of homestead property between \$100,000 and up to \$125,000. This increased homestead exemption would not apply to school district taxes. The proposed constitutional amendment must be approved by at least 60% of the electors. At this time, the School Board cannot predict whether such proposed constitutional amendment will be approved by the electors.

*Assessment Limitation on Non-Homestead Property.* On April 26, 2017, the State Legislature passed House Joint Resolution 21 ("HJR 21"). HJR 21 proposes amendments to the State Constitution to remove the scheduled January 1, 2019 repeal of 10% assessment limitation on non-homestead property. The proposed constitutional amendment must be approved by at least 60% of the electors. At this time, the School Board cannot predict whether such proposed constitutional amendment will be approved by the electors.

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## Property Tax Levies and Collections

The following table shows the District's property tax levies and collections for Fiscal Years 2007-08 through 2016-17.

### PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)

Fiscal Year	Total Tax Levy	Total Collections to Date	Percent of Levy
2007-08	\$70,496,333	\$66,707,029	94.6%
2008-09	67,703,809	65,579,338	96.9
2009-10	65,306,899	64,761,049	99.2
2010-11	59,460,111	58,321,962	98.1
2011-12	56,172,177	54,576,187	97.2
2012-13	56,350,500	54,707,651	97.1
2013-14	67,429,097	65,407,443	97.0
2014-15	73,367,535	71,155,057	97.0
2015-16	81,033,599	78,496,629	96.9
2016-17	87,593,937	84,833,788	96.8

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*Source: Walton County District School Board, Financial, Operation, and Federal Single Audit for the Fiscal Years ended June 30, 2007 through June 30, 2016. For Fiscal Year 2016-17, the Tax Collector of Walton County, Florida and the Property Appraiser of Walton County, Florida.*

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## Principal Property Taxpayers

The following table contains the list of the principal property taxpayers in the County as of September 30, 2016:

**PRINCIPAL PROPERTY TAXPAYERS  
FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(Unaudited)**

Taxpayer	Assessed Values	Percentage of Total Assessed Taxable Valuation
EBSCO Gulf Coast Development	\$89,800,247	0.53%
Choctawhatchee Electric Cooperative	82,248,686	0.49
Sandestin Hilton, LTD	57,219,366	0.34
Sandestin Investments, LLC	48,050,941	0.28
Gulf Power Company	46,301,750	0.27
Florida Gas Transmission Company	44,807,819	0.27
D R Horton	39,634,871	0.23
Terra Mar Apartments 1	28,520,963	0.17
GB Retail LLC	28,073,699	0.17
Silver Sands Joint Venture	25,337,192	0.15
Total	\$489,995,534	2.90%

*Source: Office of the Property Appraiser, Walton County, Florida.*

## CHANGES AFFECTING DISTRICT REVENUES

### Class Size Reduction

Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2011 school year. Section 1003.03, Florida Statutes, implements Amendment 9 (together with Amendment 9, the "Class Size Legislation").

The Class Size Legislation establishes constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through third grade, 22 for grades fourth through eighth and 25 for grades ninth through 12th. Compliance is determined on a period-by-period basis. In the event a school district is not in compliance with such requirements, the legislation provides that the State shall reduce the FEFP categorical funds and the base student allocation due to such school district for operational purposes. For those school districts that are in compliance with the constitutional amendment additional funds shall be distributed. The additional distribution is calculated by taking 25% of the total funds reduced from those school districts not in compliance and distributing an amount up to 5% of the base student allocation multiplied by the total district full-time equivalent students. School districts not in compliance are required to submit to the Commissioner a corrective action plan that describes specific actions the district will take in order to fully comply with the requirements by October of the following

year. If the district submits the certified plan by the required deadline, the funds remaining after the reallocation to school districts will be reallocated based upon each school district's proportion of the total reduction. However, no district shall have an amount added back that is greater than the amount that was reduced.

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

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

Due to the District's student assignment process, the District is on a school wide average for its schools of choice. As of the October 2016 Survey, the week during which the Department of Education determined compliance with class size maximum for the current school year, the District was in compliance with the requirements of the Class Size Legislation. There can be no assurances that the District will be able to maintain its class size in the manner currently mandated by the Class Size Legislation. While the Class Size Legislation requires that the State Legislature, and not local school districts, is generally responsible for the cost of compliance, there can be no assurance that the State Legislature will provide funds sufficient to meet the ongoing capital, facility and operating needs of the District required by the Class Size Legislation. Further, there can be no assurance that the District will have funds sufficient to meet the ongoing capital, facility and operating needs of the District required by the Class Size Legislation or that compliance therewith will not adversely affect other capital needs and operating costs of the District.

### **Pre-K Programs**

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

There can be no assurance that the State Legislature will provide funds sufficient to meet the ongoing capital and facility needs of the District required by the Pre-K Legislation. Further, there can be no assurance that the District will have funds sufficient to meet the ongoing capital and facility needs of the District required by the Pre-K Legislation or that ongoing compliance therewith will not adversely affect other capital needs and operating costs of the District.

## **Educational Choice**

On April 14, 2016, Governor Rick Scott approved House Bill 7029 ("HB 7029"). Among other things, HB 7029 allows a parent to seek enrollment in and transport his or her child to any public school in the State, including a charter school, which has not reached capacity. The school district or charter school shall accept and report the student for purposes of funding through the FEFP. The school district or charter school may provide student transportation at their discretion. HB 7029 requires the capacity determinations of each school district and charter school to be current and identified on their respective school websites. Each school must provide preferential treatment in its controlled open enrollment process to: (1) dependent children of active duty military personnel who moved as a result of military orders, (2) children relocated due to foster care placement in a different school zone, (3) children relocated due to a court ordered change in custody as a result of separation or divorce, or the serious illness or death of a parent, and (4) students residing in the school district. Students residing in the school district may not be displaced by a student from another school district. A student who transfers may remain at the school until the student completes the highest grade level offered. This amendment will apply with the 2017-18 school year. HB 7029 also revises the method for enforcing compliance with the Class Size Legislation to clarify that for purposes of enforcing compliance, the calculation is based upon the statutory formula used to determine the reduction in class size categorical funding for noncompliance. See "CHANGES AFFECTING DISTRICT REVENUES – Class Size Reductions" herein. At present, the impact of HB 7029 on the District's finances cannot be accurately ascertained.

## **Construction Cost Maximums**

HB 7029 also imposes sanctions upon a school district that exceeds the cost per student station limits set forth in Section 1013.64(6), Florida Statutes, unless it is determined that such cost per student station overage is de minimus or due to extraordinary circumstances outside the control of the school district. The sanctions are as follows: (1) the school district is ineligible for allocations from the Public Education Capital Outlay and Debt Service Trust fund for the next three years in which the school district would have received allocations; and (2) the school district is subject to the supervision of a district capital outlay oversight committee comprised of one appointee of the Commissioner who has significant financial management, school facilities construction, or related experience, one appointee of the office of the State Attorney with jurisdiction over the school district, and one appointee of the Chief Financial Officer who is a licensed certified public account. The capital outlay oversight committee is authorized to approve all capital outlay expenditures of the school district for the three Fiscal Years following the violation. This amendment will apply to new construction initiated by a school district on or after July 1, 2017.

Section 1013.64, Florida Statutes, was further amended by HB 7069. HB 7069, among other things, exempts capital outlay projects from the cost per student station limits set forth in Section 1013.64(6), where a school board has executed a contract for architectural and design services or for construction management services before July 1, 2017. On or about June 21, 2016, the School Board approved and executed a contract for architectural and design services for the Series 2017 Project and, on or about November 15, 2016, the School Board approved and executed a contract for construction management services for the Series 2017 Project. Therefore, the Series 2017 Project is exempt from the cost per student station limits set forth in Section 1013.64(6).

## **Schools of Hope**

In addition to the requiring school districts to share the Capital Outlay Millage Levy with charter schools, HB 7069 also establishes the Schools of Hope Program to encourage traditional public schools within the State and charter operators throughout the country to replicate their model and service students from persistently low-performing schools. HB 7069 provides for the establishment of Schools of Hope, which are charter schools operated by a Hope Operator to service students from one or more persistently low-performing schools; are located within the attendance zone of the persistently low-performing school or within a five mile radius of such school, whichever is greater; and is a Title I eligible school. HB 7069 defines "persistently low-performing schools as schools that have earned three consecutive school grades below a "C," and defines "Hope Operators" as nonprofit organizations that operate three or more charter schools with a record of serving students from low-income families and receives such designation from the FDOE. Pursuant to HB 7069, the statutory requirements for the application, approval, and contract that apply to charter schools do not apply to Schools of Hope; instead, a Hope Operator submits a notice of intent to a school district in order to open a School of Hope and the school district is required to enter into a performance based agreement with a Hope Operator within 60 days of receiving a notice of intent.

In addition, HB 7069 also (1) provides Schools of Hope with certain statutory authority, including, but not limited to, allowing a School of Hope to be designated as a local educational agency for the purposes of receiving federal funds; (2) provides that Schools of Hope are exempt from Chapters 1000-1013, Florida Statutes, and all school board policies, except any laws related to (a) the student assessment program and school grading system, (b) student progression and graduation, (c) provisions of services to students with disabilities, (d) civil rights, (e) student health, safety, and welfare, (f) public meetings, (g) public records, and (h) the code of ethics for public officers and employees.; (3) provides provisions for facilities for Schools of Hope; (4) provides provisions for funding Schools of Hope, including that they be funded in accordance with the statutory provisions relating to funding for charter schools and be considered a charter schools for purposes of charter school capital outlay; (5) establishes the School of Hope Program to cover specified operational expenses for Schools of Hope; and (6) establishes the Schools of Hope Revolving Loan Program to help Schools of Hope cover school building construction and startup costs.

The District does not currently have any schools that are considered "persistently low-performing schools under HB 7069. At this time, the School Board cannot determine what impact HB 7069 will have on if any of the District's schools were to become persistently low-performing schools.

## **PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS**

Essentially all regular employees of the District are eligible to enroll as members of the Florida Retirement System (the "FRS"). The FRS is a single retirement system administered by the Department of Management Services ("DMS"), and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (the "FRS Pension Plan"), a Deferred Retirement Option Program (the "DROP"), a Retirement Health Insurance Subsidy Plan (the "HIS Plan"), and a defined-contribution plan, referred to as the Florida Retirement System Investment Plan (the "Investment Plan"). A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, information about the FRS's

fiduciary net position, and other relevant information, is available from the DMS at: [www.dms.myflorida.com](http://www.dms.myflorida.com).

## **The FRS Pension Plan**

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

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

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

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

Benefits Provided. Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest Fiscal Years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest Fiscal Years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

If the member is initially enrolled in the FRS 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. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The State Legislature establishes contribution rates for participating employers and employees. Contribution rates during the Fiscal Year 2016-17 were as follows:

	Percent of Gross Salary	
	Employee	Employer <sup>(1)</sup>
FRS, Regular	3.00%	7.26%
FRS, Elected County Officers	3.00	42.27
DROP – Applicable to Members from All of the Above Classes	0.00	12.99
DROP – Terminated in Elected Officers' Class	0.00	8.76
FRS, Reemployed Retiree	(2)	(2)

<sup>(1)</sup> Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for the DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

<sup>(2)</sup> Contribution rates are dependent upon retirement class in which reemployed.

*Source: Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017.*

The District's contributions, including employee contributions, to the FRS Pension Plan for the Fiscal Years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 totaled \$3,241,415, \$3,439,805, \$2,665,865, \$2,528,992, and \$2,703,216 (unaudited), respectively, which were equal to the required contributions for each Fiscal Year.

Pension Liability. At June 30, 2017, the District reported a liability of \$26,185,394 (unaudited) for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's contributions for the Fiscal Year 2015-16 relative to the Fiscal Year 2015-16 contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.103704208 percent (unaudited), which was a decrease of the proportionate share of 0.005638754 percent (unaudited) measured as of June 30, 2015. Below is a schedule of the District's proportionate share of net pension liability for the FRS Plan:

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	2016	2015	2014	2013
District's proportion of the FRS net pension liability	0.103704208%	0.109342583%	0.113022439%	0.113093868%
District's proportionate share of the FRS net pension liability	\$26,185,394	\$14,123,061	\$6,896,031	\$19,468,488
District's covered employee payroll	\$47,295,095	\$44,207,768	\$44,557,617	\$42,945,352
District's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	55.37%	31.95%	15.48%	45.33%

*Source: Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017.*

See "APPENDIX B: WALTON COUNTY DISTRICT SCHOOL BOARD FINANCIAL, OPERATIONAL, AND FEDERAL SINGLE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2016; AND SUPERINTENDENT'S ANNUAL FINANCIAL REPORT AND REPORT OF FINANCIAL DATA TO THE COMMISSIONER OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2017" for information on the District's FRS Pension Plan expense and reported deferred outflows and inflows of resources.

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

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

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. See "APPENDIX B: WALTON COUNTY DISTRICT SCHOOL BOARD FINANCIAL, OPERATIONAL, AND FEDERAL SINGLE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2016; AND SUPERINTENDENT'S ANNUAL FINANCIAL REPORT AND REPORT OF FINANCIAL DATA TO THE COMMISSIONER OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2017" for information on the long-term expected rate of return on FRS Pension Plan investments.

Discount Rate. The discount rate used to measure the total pension liability was 7.60 percent. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	\$48,209,083	\$26,185,394	\$7,853,581

*Source: Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017.*

For additional information on the FRS Pension Plan, see "APPENDIX B: WALTON COUNTY DISTRICT SCHOOL BOARD FINANCIAL, OPERATIONAL, AND FEDERAL SINGLE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2016; AND SUPERINTENDENT'S ANNUAL FINANCIAL REPORT AND REPORT OF FINANCIAL DATA TO THE COMMISSIONER OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

### **The HIS Plan**

Plan Description. The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the DMS.

Benefits Provided. For the Fiscal Year 2016-17, 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 a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Fiscal Year 2016-17, the contribution rate was 1.66 percent of payroll. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The District's contributions to the HIS Plan totaled \$785,158 (unaudited) for the Fiscal Year 2016-17.

Pension Liabilities. At June 30, 2017, the District reported a net pension liability of \$17,245,870 (unaudited) for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within one year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability for the HIS Plan was based on the District's contributions for the Fiscal Year 2015-16 relative to the total contributions of all participating members for the Fiscal Year 2015-16. At June 30, 2016, the District's proportionate share was 0.147974974 percent (unaudited), which was a decrease from its proportionate share of 0.002409689 (unaudited)

measured as of June 30, 2015. Below is a schedule of the District's proportionate share of net pension liability for the HIS Plan:

	2016	2015	2014	2013
District's proportion of the HIS net pension liability	0.147974974%	0.145565285%	0.149957201%	0.147860458%
District's proportionate share of the HIS net pension liability	\$17,245,870	\$14,845,369	\$14,021,364	\$12,873,197
District's covered employee payroll	\$45,717,550	\$44,207,768	\$44,557,617	\$42,945,352
District's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	37.72%	33.58%	31.47%	29.98%

*Source: Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017.*

See "APPENDIX B: WALTON COUNTY DISTRICT SCHOOL BOARD FINANCIAL, OPERATIONAL, AND FEDERAL SINGLE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2016; AND SUPERINTENDENT'S ANNUAL FINANCIAL REPORT AND REPORT OF FINANCIAL DATA TO THE COMMISSIONER OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2017" for information on the District's HIS Plan expense and reported deferred outflows and inflows of resources.

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

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

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. While an experience study had not been completed for the HIS Plan, the FRS Actuarial Assumptions Conference reviewed the actuarial assumptions for the HIS Plan. The HIS Plan is essentially funded on a pay-as-you-go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumptions for cash flows into and out of the pension plan, or assumed asset allocation.

Discount Rate. The discount rate used to measure the total pension liability was 2.85 percent. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.80 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80 percent) or 1-percentage-point higher (4.80 percent) than the current rate:

[Remainder of page intentionally left blank]

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
District's proportionate share of the net pension liability for the HIS Plan	\$19,784,931	\$17,245,870	\$15,138,588

*Source: Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017.*

### **The Investment Plan**

The Investment Plan is administered by the State Board of Administration (the "SBA"). The Investment Plan is reported in the SBA's annual financial statements and in the State's Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

Eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS Pension 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 State Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS 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 Fiscal Year 2016-17 were as follows:

	Percent of Gross Salary	
	Employee	Employer
FRS, Regular	3.00%	6.30%
FRS, Elected County Officers	3.00	11.34

*Source: Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017.*

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 FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 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.

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

The District's Investment Plan pension expense totaled \$438,706.80 for the Fiscal Year ended June 30, 2016. At June 30, 2016, the District reported a payable of \$73,976.23 for the outstanding amount of contributions to the Investment Plan required for the Fiscal Year ended June 30, 2016.

### **Other Postemployment Benefits**

In addition to its contributions under the FRS described above, the District provides Other Postemployment Benefits Plan (the "OPEB Plan") for certain of its retired employees.

Plan Description. The OPEB Plan is a single-employer defined benefit plan administered by the District. Employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, and life insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. 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 OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity.

Funding Policy. The OPEB Plan contribution requirements of the District and the OPEB Plan members are established and may be amended through recommendations of an insurance committee and action by the School Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the Fiscal Year 2016-17, 139 retirees received other postemployment benefits. The District provided required contributions of \$248,676 (unaudited) toward the annual OPEB cost, net of retiree contributions totaling \$649,041 (unaudited), which represents 1.6 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the District's annual OPEB cost for the Fiscal Years 2013-14 through 2015-16, the amount actually contributed to the OPEB Plan, and changes in the District's net OPEB obligation:

<b>Description</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2015-16</b>	<b>Fiscal Year 2014-15</b>	<b>Fiscal Year 2013-14</b>
Normal Cost (service cost for one year)	\$177,405	\$253,080	\$242,414	\$308,252
Amortization of Unfunded Actuarial	187,074	242,808	234,756	200,476
Interest on Normal Cost and Amortization	-	-	-	-
Annual Required Contribution	364,479	495,888	477,170	508,728
Net OPEB Obligation, Beginning of Year	4,152,928	3,982,600	3,808,075	3,556,243
ARC	364,479	495,888	477,170	508,728
Interest on Net OPEB Obligation	136,216	136,603	130,617	121,979
Adjustment to Annual Required Contribution	(188,769)	(165,942)	(158,670)	(136,779)
Annual OPEB Cost (Expense)	311,926	466,549	449,117	493,928
Employer Contributions Made	(248,676)	(296,221)	(274,592)	(242,096)
Increase in Net OPEB Obligation	63,250	170,328	174,525	251,832
Net OPEB Obligation, End of Year	\$4,216,178	\$4,152,928	\$3,982,600	\$3,808,075

*Source: Walton County District School Board, Financial, Operation, and Federal Single Audit for the Fiscal Years ended June 30, 2016. For Fiscal Year 2016-17, Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017.*

**Funded Status and Funding Progress.** As of October 1, 2016, the most recent valuation date, the actuarial accrued liability for benefits was \$4,049,755 (unaudited), and the actuarial value of assets was \$0 (unaudited), resulting in an unfunded actuarial accrued liability of \$4,049,755 (unaudited), and a funded ratio of 0 percent (unaudited). The covered payroll (annual payroll of active participating employees) was \$41,282,874 (unaudited), and the ratio of the unfunded actuarial accrued liability in the covered payroll was 9.81 percent (unaudited).

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B-A)/C
10/01/2010	\$0.00	\$7,185,173	\$7,185,173	0.0%	\$33,151,003	21.7%
10/01/2012	0.00	4,995,272	4,995,272	0.0	43,110,403	11.5
10/01/2014	0.00	5,539,947	5,539,947	0.0	41,538,892	13.3
10/01/2016	\$0.00	4,049,755	4,049,755	0.0	41,282,874	9.8

*Source: Walton County District School Board, Financial, Operation, and Federal Single Audit for the Fiscal Years ended June 30, 2016. For Actuarial Valuation Date, October 1, 2016, Superintendent's Annual Financial Report and Report of Financial Data to the Commissioners of Education for the Fiscal Year Ended June 30, 2017.*

Actuarial Methods and Assumptions. The District's OPEB actuarial valuation as of October 1, 2016, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2017, and the District's Fiscal Year 2015-16, annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.28 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.28 percent per year, projected salary increases of 3.7 to 7.8 percent per year, and an annual healthcare cost trend rate of 7.25 percent beginning October 1, 2016, to an ultimate rate of 4.62 percent after 24 years. The investment rate of return and payroll growth rate include a general price inflation of 2.5 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a 30-year period. The remaining amortization period at June 30, 2016, was 22 years.

For additional information on the OPEB Plan, see "APPENDIX B: WALTON COUNTY DISTRICT SCHOOL BOARD FINANCIAL, OPERATIONAL, AND FEDERAL SINGLE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2016; AND SUPERINTENDENT'S ANNUAL FINANCIAL REPORT AND REPORT OF FINANCIAL DATA TO THE COMMISSIONER OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

## **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the Series 2017 Certificates are subject to an approving legal opinion of Bryant Miller Olive P.A., Tallahassee, Florida, Special Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX H: FORM OF OPINION OF SPECIAL COUNSEL") will be available at the time of delivery of the Series 2017 Certificates. The actual legal opinion to be delivered by Special Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date and subsequent distribution of it by recirculation of this Offering Statement or otherwise shall create no implication that Special Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the School Board and the Corporation by Ben L. Holley, Esquire, Crestview, Florida, Counsel to the School Board. Certain legal matters will be passed on for the School Board by Bryant Miller Olive P.A., Tallahassee, Florida, Disclosure Counsel to the School Board. Certain legal matters will be passed on for the Underwriters by its Counsel, Holland & Knight LLP, Lakeland, Florida. Bryant Miller Olive P.A. may, from time to time, serve as counsel to the Underwriters. The Underwriters have not identified any potential or actual material conflicts that require disclosure.

## **INVESTMENT POLICY**

Assets of the District are governed by an investment policy adopted by the School Board on October 2, 2006, under the provisions of Section 1001.41, Florida Statutes, as amended. Furthermore, the investment of certain assets held under the Trust Agreement are also governed by the terms and provisions of the Trust Agreement.

Pursuant to the District's investment policy, the Superintendent shall invest temporarily idle funds to earn the maximum return for the period available while assuring minimum risk to principal. The investment objectives shall include safety of capital, liquidation of funds and investment income. Funds may be placed in the following types of investments: (i) bids from qualified depositories; (ii) certificates of deposits; (iii) time deposits; (iv) securities of the United States government; (v) state managed cooperative

investment plans; or (vi) other forms of authorized investments. Under its investment policy, the District may not invest in derivative products. The School Board may modify the investment policy at any time.

### **CONTINUING DISCLOSURE**

The School Board has covenanted and undertaken for the benefit of Series 2017 Certificate holders to execute and deliver a Disclosure Dissemination Agent Agreement (the "Disclosure Agreement") wherein the School Board will agree to provide certain financial information and operating data relating to the School Board, the District and the Series 2017 Certificates in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Such undertaking shall only apply so long as the Series 2017 Certificates remain Outstanding under the Trust Agreement, the Series 2010 Lease Agreement and the Series 2017 Lease Agreement has not been terminated or there has not occurred an event of non-appropriation resulting in a termination of the Master Lease. The covenant shall also terminate upon the termination of the Rule 15c2-12(b)(5) of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, each as amended (the "Rule"), by legislative, judicial or administrative action. The Annual Report and the notices of enumerated events, if any, will be filed by the School Board or its dissemination agent with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System described in the Disclosure Agreement. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events, are described in the Disclosure Agreement to be dated and delivered at the time of issuance of the Series 2017 Certificates. See "APPENDIX I: FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" attached hereto. With respect to the Series 2017 Certificates, no party other than the School Board is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule.

Upon a recent review of the School Board's information on file with EMMA, it was discovered that with respect to the Series 2005 Certificates, the School Board failed to timely file the required financial information or operating data and audited (or unaudited) financial statements for the Fiscal Years 2011-12 and 2012-13 and certain material event notices related thereto and to insurer ratings changes. The School Board filed the audited financial statements for the Fiscal Years 2011-12 and 2012-13 with EMMA on October 31, 2014. The School Board filed a material event notice containing certain of the required financial information and operating data and the current rating of the insurer with EMMA on December 16, 2014. With respect to the Series 2005 Certificates and the Series 2015 Certificates, the School Board failed to timely file its audited financial statements for the Fiscal Year 2015-16. The School Board filed the audited financial statements for the Fiscal Years 2015-16 with EMMA on July 27, 2017. The School Board has retained Digital Assurance Certification, L.L.C., as its dissemination agent. The Superintendent has also promulgated disclosure procedures (the "Disclosure Procedures"), which requires, among other things, (i) review of the annual filing requirements and list of enumerated events in each of the District's active continuing disclosure undertakings, and (ii) periodic training of District staff to review the roles and responsibilities set forth in the Disclosure Procedures. The School Board intends to fully satisfy all obligations in connection with its present and prior continuing disclosure undertakings in the future.

### **LITIGATION**

Concurrently with the delivery of the Series 2017 Certificates, Counsel to the School Board will deliver an opinion which states, among other things, that there is no litigation or other proceedings pending or, to the best knowledge of the School Board, threatened against the School Board (i) that seeks



to restrain or enjoin the issuance or delivery of the Series 2017 Certificates, the Master Lease, the Series 2017 Ground Lease, the Series 2010 Ground Lease, the Ground Lease Assignment, the Series 2010 Lease Agreement, or the Series 2017 Lease Agreement or (ii) questioning or affecting the validity of the Series 2017 Certificates, the Master Lease, the Series 2017 Ground Lease, the Series 2010 Ground Lease, the Ground Lease Assignment, the Series 2010 Lease Agreement, or the Series 2017 Lease Agreement or any proceedings of the School Board or actions of the Trustee with respect to the authorization, sale, execution, or issuance of the Series 2017 Certificates or the transactions contemplated by this Offering Statement or the Master Lease, the Trust Agreement, the Series 2010 Lease Agreement, the Series 2017 Lease Agreement, the Series 2017 Ground Lease, the Ground Lease Assignment or any other agreement or instrument to which the School Board is a party in connection therewith and which is used or contemplated for use in the transactions contemplated by this Offering Statement, or (iii) questioning or affecting the creation, organization nor existence of the School Board and which would have an adverse effect on the actions taken by the School Board with respect to the issuance of the Series 2017 Certificates.

The School Board experiences claims, litigation, and various legal proceedings which individually are not expected to have a material adverse effect on its operations or financial condition, but may, in the aggregate, have a material impact thereon. There is no litigation, claim, or series of claims currently pending, or, to the best knowledge of the School Board, threatened that would have a material adverse consequence on the financial condition of the District.

## **TAX MATTERS**

General. The Code establishes certain requirements which must be met subsequent to the issuance of the Series 2017 Certificates in order that the Interest Component of the Basic Rent Payments received by the Owners of the Series 2017 Certificates be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause the Interest Component of the Basic Rent Payments on the Series 2017 Certificates to be included in federal gross income retroactive to the date of issuance of the Series 2017 Certificates, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2017 Certificates and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The School Board and the Corporation have covenanted in the Master Lease to comply with such requirements in order to maintain the exclusion from federal gross income of the Interest Component of the Basic Rent Payments on the Series 2017 Certificates.

In the opinion of Special Counsel assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, the Interest Component of the Basic Rent Payments on the Series 2017 Certificates is excluded from gross income for purposes of federal income taxation. The Interest Component of the Basic Rent Payments on the Series 2017 Certificates is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, the Interest Component of the Basic Rent Payments on the Series 2017 Certificates may be subject to the federal alternative minimum tax when any Series 2017 Certificate is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include the Interest Component of the Basic Rent Payments on the Series 2017 Certificates. However, no opinion is expressed with respect to the federal income tax consequences of any

payments received or to be received with respect to the Series 2017 Certificates following termination of the Series 2010 Lease Agreement and the Series 2017 Lease Agreement as a result of an Event of Non-Appropriation or the occurrence of an Event of Default thereunder.

Except as described above, Special Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2017 Certificates. Prospective purchasers of Series 2017 Certificates should be aware that the ownership of Series 2017 Certificates may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2017 Certificates; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including the Interest Component of the Basic Rent Payments on the Series 2017 Certificates; (iii) the inclusion of the Interest Component of the Basic Rent Payments on the Series 2017 Certificates in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of the Interest Component of the Basic Rent Payments on the Series 2017 Certificates in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of the Interest Component of the Basic Rent Payments on the Series 2017 Certificates in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Special Counsel, Special Counsel will rely upon representations and covenants made on behalf of the School Board, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2017 Certificates and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2017 CERTIFICATES AND THE RECEIPT OR ACCRUAL OF THE INTEREST COMPONENT OF THE BASIC RENT PAYMENTS THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE CERTIFICATE HOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE CERTIFICATE HOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding. Interest paid on tax-exempt obligations such as the Series 2017 Certificates is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of Interest Component of the Basic Rent Payments on the Series 2017 Certificates from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2017 Certificates, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2017 Certificates and proceeds from the sale of Series 2017 Certificates. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2017 Certificates. This withholding generally applies if the owner of Series 2017 Certificates (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN

provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2017 Certificates may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters. During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2017 Certificates. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2017 Certificates. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2017 Certificates and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2017 Certificates. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2017 Certificates. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2017 Certificates.

Prospective purchasers of the Series 2017 Certificates should consult their own tax advisors as to the tax consequences of owning the Series 2017 Certificates in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

Tax Treatment of Certificate Premium. The difference between the principal amount of the Series 2017 Certificates maturing on July 1, 2018, through and including July 1, 2037 (collectively, the "Premium Certificates"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Certificates of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable certificate premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable certificate premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Certificates, which ends on the earlier of the maturity or call date for each of the Premium Certificates which minimizes the yield on such Premium Certificates to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Certificate, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Certificate annually by the amount of amortizable certificate premium for the taxable year. The amortization of certificate premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Certificates. Certificate Holders of the Premium Certificates are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Certificates.

## **RATINGS**

Moody's has assigned a rating of "A1" to the Series 2017 Certificates. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be

obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating or outlook on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2017 Certificates.

### **FINANCIAL ADVISOR**

The School Board has retained PFM Financial Advisors LLC, Orlando, Florida, as financial advisor in connection with the School Board's financing plans and with respect to the issuance of the Series 2017 Certificates. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Offering Statement. The Financial Advisor did not participate in the underwriting of the Series 2017 Certificates.

### **UNDERWRITING**

The Underwriters set forth on the cover page hereof have agreed to purchase the Series 2017 Certificates at a price of \$42,433,110.62 (which represents the \$36,580,000.00 principal amount of the Series 2017 Certificates, plus a certificate premium of \$5,968,866.95 and less an Underwriters' discount of \$115,756.33). The Underwriters will purchase all of the Series 2017 Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions contained in a Purchase Contract and the approval of certain legal matters by counsel. The Underwriters' obligations are subject to certain conditions precedent, and it will be obligated to purchase all of the Series 2017 Certificates if any Series 2017 Certificates are purchased. The Series 2017 Certificates may be offered and sold to certain dealers (including dealers depositing such Series 2017 Certificates into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters. The Underwriters have reviewed the information in this Offering Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guaranty the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the District in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors, and employees may purchase, sell, or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold,

or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

SunTrust Robinson Humphrey, Inc. ("STRH"), one of the underwriters of the Series 2017 Certificates, has entered into an agreement (the "Distribution Agreement") with SunTrust Investment Services, Inc. ("STIS") for the retail distribution of certain municipal securities offerings, including the Series 2017 Certificates. Pursuant to the Distribution Agreement, STRH will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2017 Certificates with STIS. STRH, and STIS are both subsidiaries of SunTrust Banks, Inc. SunTrust Robinson Humphrey is the trade name for certain capital markets and investment banking services of SunTrust Banks and its subsidiaries.

#### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Section 517.051, Florida Statutes, and the regulations promulgated thereunder requires that the District make a full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served only as a conduit issuer such as industrial development or private activity bonds issued on behalf of private businesses). The District is not and has not since December 31, 1975, been in default as to principal and interest on its bonds or other debt obligations.

#### **CONTINGENT FEES**

The School Board has retained Special Counsel, Disclosure Counsel, the Underwriters (who in turn retained Underwriters' Counsel), the Financial Advisor, the Trustee (who has in turn retained Trustee's Counsel), and the Corporation has retained Counsel to the Corporation, with respect to the authorization, sale, execution and delivery of the Series 2017 Certificates. Payment of the fees of such professionals are each contingent upon the issuance of the Series 2017 Certificates.

#### **FINANCIAL STATEMENTS**

The basic financial statements of the School Board as of June 30, 2016, and for the year then ended, attached hereto as a portion of "APPENDIX B," have been audited by the Auditor General of the State, P.A. (the "Auditor"), as set forth in its report dated February 16, 2017. The Auditor has not participated in the preparation or review of this Offering Statement and the financial statements are included as a publicly available record. The Auditor General was not requested to and has not reviewed the Superintendents Annual Financial Report and Report of Financial Data to the Commissioner of Education for the Fiscal Year Ended June 30, 2017, which is also included as a part of "APPENDIX B."

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## **ACCURACY AND COMPLETENESS OF OFFERING STATEMENT**

The references, excerpts, and summaries of all documents, statutes, and information concerning the School Board and the Projects financed under the Master Lease and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2017 Certificates, the security for the payment of the Series 2017 Certificates and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Offering Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Offering Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2017 Certificates.

The Appendices attached hereto are integral parts of this Offering Statement and must be read in their entirety together with all foregoing statements.

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## AUTHORIZATION OF OFFERING STATEMENT

The execution and delivery of this Offering Statement has been duly authorized and approved by the School Board. At the time of delivery of the Series 2017 Certificates, the undersigned will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that the Offering Statement (except for the information related to DTC and its book-entry-only system of registration, as to all of which no opinion will be expressed), as of its date and as of the date of delivery of the Series 2017 Certificates, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Offering Statement is intended to be used, which is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

### THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA

By: /s/ Kim Kirby  
Chairperson

By: /s/ A. Russell Hughes  
Superintendent

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**APPENDIX A**

**GENERAL INFORMATION RELATING TO WALTON COUNTY, FLORIDA**

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UNLESS OTHERWISE INDICATED, THE FOLLOWING INFORMATION HAS BEEN PROVIDED BY THE SCHOOL DISTRICT OF WALTON COUNTY, FLORIDA (THE "DISTRICT") AND IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND WITH REGARD TO THE DISTRICT AND WALTON COUNTY, FLORIDA (THE "COUNTY"), ITS LOCATION, GROWTH AND ECONOMIC STATUS. THE INFORMATION HAS BEEN COMPILED ON BEHALF OF THE DISTRICT, AND SUCH COMPILATION INVOLVED ORAL AND WRITTEN COMMUNICATION. THE INFORMATION IS SUBJECT TO CHANGE, ALTHOUGH EFFORTS HAVE BEEN MADE TO UPDATE INFORMATION WHERE PRACTICABLE.

Walton County, Florida is a large county that stretches from the Alabama border to the Gulf of Mexico, providing a diverse landscape that marries business opportunities with an unparalleled quality of life. World-renowned for its "New Urbanism" beach communities such as Seaside and Watercolor, Walton County's coastal communities offer miles of pristine white sand beaches, acres of lakes and state forests, and endless art galleries, shops and restaurants. Away from the coast, the county offers several communities with fully-developed industrial parks and enterprise zones. Transportation infrastructure includes the Northwest Florida Beaches International Airport in neighboring Bay County, DeFuniak Springs Municipal Airport, Northwest Florida Regional Airport in adjacent Okaloosa County, CSX rail, Interstate 10, a barge port in Freeport, and proximity to Port Panama City, a deep water port which serves as a foreign trade zone.

The county seat of the County is City of DeFuniak Springs, Florida. The City of DeFuniak Springs serves as the center of business and commerce for the interior of the County and provides its residents with police and fire protection, hospitals, airport and railroad facilities.

## Population

The following table sets forth the population trends in Walton County and the State of Florida from years 1970 through 2040.

<u>Year</u>	<u>Walton County</u>	<u>Annual Average</u>	<u>State of Florida</u>	<u>Annual Average</u>
		<u>Percentage Increase</u>		<u>Percentage Increase</u>
1970	16,087	--	6,791,418	--
1980	21,300	3.24%	9,746,961	4.35%
1990	27,759	3.03%	12,938,071	3.27%
2000	40,601	4.63%	15,982,824	2.35%
2010	55,043	3.56%	18,801,332	1.76%
2016	62,943	1.43%	20,129,234	0.71%
2020	70,400	1.18%	21,369,497	0.62%
2025	79,300	1.26%	22,813,018	0.68%
2030	86,800	0.95%	24,099,828	0.56%
2035	93,700	0.79%	25,263,285	0.48%
2040	100,300	0.70%	26,316,424	0.42%

---

Sources: United States Census Bureau; University of Florida, Bureau of Economic and Business Research, Florida Population Studies, Volume 50, Bulletin 177, April 2017, medium county projections and Florida Demographic Estimating Conference, July, 2016).

The County is part of the Crestview-Fort Walton Beach-Destin, Florida Metropolitan Statistical Area ("MSA"). The following table reflects the population and population changes for the MSA and for Walton County ("County") at the time of the 2010, 2000, 1990, and 1980 census as well as a population estimate for the MSA in 2016:

<u>Year</u>	<u>Walton County</u>	<u>Annual Average Percentage Increase</u>	<u>MSA</u>	<u>Annual Average Percentage Increase</u>
1980	21,300	--	109,920	--
1990	27,759	3.24%	143,776	3.08%
2000	40,601	3.03%	211,099	4.68%
2010	55,043	4.63%	235,865	1.17%
2016	62,943	1.43%	267,059	1.32%

Sources: U.S. Bureau of the Census and University of Florida Bureau of Economic and Demographic Research.

## Employment

The following chart shows the labor force in the County and the percent of the estimated labor force unemployed from 2007 to June of 2017.

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment Number</u>	<u>Walton County</u>	<u>Unemployment Rate State</u>	<u>United States</u>
2007	31,390	30,555	835	2.7%	4.0%	4.6%
2008	31,116	29,719	1,397	4.5%	6.3%	5.8%
2009	30,864	28,565	2,299	7.4%	10.4%	9.3%
2010	30,892	28,448	2,444	7.9%	11.3%	9.6%
2011	32,066	29,850	2,216	6.9%	10.3%	8.9%
2012	33,207	31,352	1,855	6.6%	8.6%	8.1%
2013	34,538	32,974	1,564	4.5%	7.2%	7.4%
2014	27,362	25,917	1,445	5.3%	6.3%	5.6%
2015	27,807	26,513	1,294	4.7%	5.4%	5.0%
2016	28,461	27,244	1,217	4.3%	4.9%	4.7%
2017 <sup>(1)</sup>	30,177	29,127	1,050	3.5%	4.1%	4.4%

Source: Florida Department of Economic Opportunity, Labor Market Statistics, Local Area Unemployment Statistics Program, 2007 through 2016 and June 2017.

<sup>(1)</sup> June, 2017; not seasonally adjusted.

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The following chart shows the average monthly employment in the various sectors of the labor force in actual numbers of people employed in the County and the average annual wage:

Industry Title	Average Monthly Employment	Average Annual Wages
<b>Total, All Industries</b>	<b>24,772</b>	<b>\$35,581</b>
<b>Goods-Producing</b>	<b>2,684</b>	<b>\$38,094</b>
<i>Natural Resources and Mining</i>	52	\$28,375
Agriculture, Forestry, Fishing and Hunting	39	\$27,423
Mining, Quarrying, and Oil and Gas Extraction	12	\$31,397
<i>Construction</i>	2,239	\$38,268
<i>Manufacturing</i>	393	\$38,385
Durable Goods Manufacturing	309	\$32,574
Nondurable Goods Manufacturing	84	\$59,836
<b>Service-Providing</b>	<b>22,088</b>	<b>\$35,275</b>
<i>Trade, Transportation, and Utilities</i>	5,498	\$30,471
Wholesale Trade	376	\$56,124
Retail Trade	4,551	\$26,334
Transportation and Warehousing	272	\$36,679
Utilities	300	\$55,425
<i>Information</i>	131	\$41,465
<i>Financial Activities</i>	1,241	\$52,104
Finance and Insurance	307	\$77,795
Real Estate and Rental and Leasing	934	\$43,651
<i>Professional and Business Services</i>	2,213	\$47,256
Professional and Technical Services	839	\$60,913
Management of Companies and Enterprises	72	\$112,567
Administrative and Waste Services	1,303	\$34,870
<i>Education and Health Services</i>	3,708	\$43,433
Educational Services	*	N/A
Health Care and Social Assistance	2,349	\$45,280
<i>Leisure and Hospitality</i>	6,496	\$25,855
Arts, Entertainment, and Recreation	223	\$25,338
Accommodation and Food Services	6,274	\$25,874
<i>Other Services</i>	987	\$30,739
Other Services, Except Public Administration	987	\$30,739
<i>Public Administration</i>	1,804	\$42,758
<i>Unclassified</i>	9	\$49,376

\*Confidential, Not Available

Source: Florida Department of Economic Opportunity, Florida Employment and Wages by County, Annual NAICS Sector (2016).

The following table reflects the principal employers in the County for the fiscal year ended September 30, 2016.

<b>EMPLOYER</b>	<b>EMPLOYEES</b>	<b>PERCENTAGE OF TOTAL EMPLOYMENT</b>
Walton County School Board	1,200	4.4%
Walton County Government	926	3.6%
Sandestin Golf and Beach Resort	800	3.0%
Sacred Heart Hospital of the Emerald Coast	566	2.1%
Walmart	547	2.0%
Hilton Sandestin Beach and Golf Resort	500	1.9%
Publix Super Markets	362	1.3%
Walton Correctional Institute	304	0.5%
Watercolor Inn and Resort	290	1.1%
Wyndham Vacation Rentals	<u>143</u>	<u>0.5%</u>
Total	5,638	20.9%

Source: Walton County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2016.

#### Property Tax Levies and Collections

The following table shows tax levies and collections for the County for the Fiscal Years 2007 through 2016.

<b>Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>			<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
	<b>Total Tax Levy for Fiscal Year</b>	<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2007	62,172,073	57,458,118	92.42%	2,710,393	60,168,466	96.78%
2008	58,646,179	54,517,005	92.96%	2,703,307	57,219,649	97.57%
2009	55,516,392	50,724,269	91.37%	2,863,824	53,586,842	96.52%
2010	46,952,359	42,659,809	90.86%	2,727,622	45,383,427	96.66%
2011	40,757,346	37,815,939	92.78%	1,579,929	36,388,083	96.64%
2012	38,910,800	36,394,247	93.53%	1,162,182	37,561,604	96.50%
2013	38,900,662	36,561,502	93.99%	1,024,111	37,561,604	96.56%
2014	40,763,405	39,259,877	96.31%	19,811	39,279,688	96.36%
2015	45,538,540	43,974,522	96.57%	15,079	43,989,601	96.60%
2016	50,802,529	49,076,935	96.60%	-	49,076,935	96.60%

Source: Walton County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2016.

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## Income and Other Economic Information

The following table reflects the personal income for the periods shown for the County, the State of Florida and the United States.

<b>Year</b>	<b>Walton County</b>	<b>State of Florida</b>	<b>United States</b>
2007	39,804	39,819	39,804
2008	40,873	39,709	40,873
2009	31,231	37,350	39,379
2010	33,456	38,478	40,144
2011	36,498	40,215	42,332
2012	38,072	41,041	44,200
2013	37,976	41,497	44,765
2014	48,813	42,868	46,414
2015	49,839	44,429	48,112

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Source: U.S. Bureau of Economic Analysis; Personal Income Summary for Walton County, State of Florida and United States.

The following table reflects building permit activity for the years 2011 through July of 2017.

<b><u>Commercial Construction</u></b>			<b><u>Residential Construction</u></b>	
<b><u>Year</u></b>	<b><u># of Units</u></b>	<b><u>Value</u></b>	<b><u># of Units</u></b>	<b><u>Value</u></b>
2011	16	\$6,214,619	549	\$198,627,886
2012	15	\$16,485,824	1,110	\$325,624,477
2013	38	\$30,131,353	1,187	\$398,081,266
2014	24	\$26,508,217	858	\$342,170,100
2015	48	\$74,187,722	1,076	\$512,081,719
2016	50	\$41,756,451	1,693	\$611,542,559
2017 <sup>(1)</sup>	19	\$19,338,918	817	\$371,728,840

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Source: Walton County, Florida Building Department

<sup>(1)</sup> Through July, 2017.

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**APPENDIX B**

**WALTON COUNTY DISTRICT SCHOOL BOARD FINANCIAL, OPERATIONAL, AND FEDERAL  
SINGLE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2016; AND SUPERINTENDENT'S  
ANNUAL FINANCIAL REPORT AND REPORT OF FINANCIAL DATA TO THE COMMISSIONER  
OF EDUCATION FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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# STATE OF FLORIDA AUDITOR GENERAL

## Financial and Federal Single Audit

Report No. 2017-112  
February 2017

### WALTON COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended  
June 30, 2016



Sherrill F. Norman, CPA  
Auditor General

### Board Members and Superintendent

During the 2015-16 fiscal year, Carlene H. Anderson served as Superintendent of the Walton County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Gail Smith, Chair to 11-16-15	1
Kim Kirby, Vice Chair from 11-17-15	2
William (Bill) Eddins, Jr.	3
Mark D. Davis, Vice Chair to 11-16-15	4
Jason Catalano, Chair from 11-17-15	5

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Melissa F. Hall, CPA, and the audit was supervised by Shelly G. Curti, CPA.

Please address inquiries regarding this report to Micah E. Rodgers, CPA, Audit Supervisor, by e-mail at [micahrodgers@aud.state.fl.us](mailto:micahrodgers@aud.state.fl.us) or by telephone at (850) 412-2905.

This report and other reports prepared by the Auditor General are available at:

[www.myflorida.com/audgen](http://www.myflorida.com/audgen)

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**State of Florida Auditor General**

**Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722**

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**WALTON COUNTY DISTRICT SCHOOL BOARD**  
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## **SUMMARY**

### **SUMMARY OF REPORT ON FINANCIAL STATEMENTS**

Our audit disclosed that the Walton County District School Board (District's) basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

### **SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE**

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States; however, we noted a certain additional matter as discussed below.

#### **Additional Matter**

**Finding No. 2016-001:** District financial reporting procedures could be improved.

### **SUMMARY OF REPORT ON FEDERAL AWARDS**

We audited the District's compliance with applicable Federal awards requirements. The Title I Program was audited as a major Federal program. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on the Title I Program.

### **AUDIT OBJECTIVES AND SCOPE**

Our audit objectives were to determine whether the School Board and its officers with administrative and stewardship responsibilities for District operations had:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal program.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2016. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

## AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA  
Auditor General

## AUDITOR GENERAL STATE OF FLORIDA

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



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

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

### INDEPENDENT AUDITOR'S REPORT

#### Report on the Financial Statements

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

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

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

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 56 percent of the assets and 80 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the aggregate discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and

perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### **Opinions**

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

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General Fund**, **Schedule of Funding Progress – Other Postemployment Benefits Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express

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

##### *Supplementary Information*


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

The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates 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 accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

  
Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 16, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Walton County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2016. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

### FINANCIAL HIGHLIGHTS

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

- As of June 30, 2016, governmental activities assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$155,602,907.25.
- In total, net position increased \$17,904,599.87, which represents a 13 percent increase over the 2014-15 fiscal year.
- General revenues total \$99,923,740.59, or 95.2 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$5,018,536.07, or 4.8 percent of all revenues.
- Expenses total \$87,037,676.79. Only \$5,018,536.07 of these expenses was offset by program specific charges, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$13,616,526.17, which is \$5,191,739.81 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances totaled \$13,163,242.36, or 17.3 percent of total General Fund revenues, while restricted and nonspendable fund balances totaled \$453,283.81.
- The total liabilities increased by \$3,870,564.38, or 5 percent, resulting primarily from pension activity per Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

### OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

#### **Government-wide Financial Statements**

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

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

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 categorical education and education finance program provide most of the resources that support these activities.
- **Component units** – The District presents two separate legal entities in this report. The Seaside School, Inc., and Walton Academy, a division of Walton Academy, Inc., are legally separate organizations and component units that are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

The Walton County Public Education Finance Authority Inc. (Authority), although also a legally separate entity, was formed to facilitate financing of the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Authority, the Authority has been included 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 entitywide perspective contained in the government-wide statements. All of the District's funds may be classified within one of the broad categories discussed below.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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



The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, 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.

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

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

#### **Notes to Financial Statements**

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

#### **Other Information**

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

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2016, compared to net position as of June 30, 2015:

#### **Net Position, End of Year**

	<b>Governmental Activities</b>	
	<b>6-30-16</b>	<b>6-30-15</b>
Current and Other Assets	\$ 43,528,893.81	\$ 49,832,764.83
Capital Assets	190,858,799.82	172,056,242.71
<b>Total Assets</b>	<b>234,387,693.63</b>	<b>221,889,007.54</b>
Deferred Outflows of Resources	7,131,176.92	5,255,989.76
Long-Term Liabilities	75,916,994.24	72,765,579.72
Other Liabilities	5,459,445.06	4,740,295.20
<b>Total Liabilities</b>	<b>81,376,439.30</b>	<b>77,505,874.92</b>
Deferred Inflows of Resources	4,539,524.00	11,940,815.00
Net Position:		
Net Investment in Capital Assets	153,215,111.29	149,766,062.73
Restricted	23,276,859.91	15,879,241.73
Unrestricted (Deficit)	(20,889,063.95)	(27,946,997.08)
<b>Total Net Position</b>	<b>\$ 155,602,907.25</b>	<b>\$ 137,698,307.38</b>

The largest portion of the District's net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was the result, in part, of accruing \$3,507,499 in compensated absences payable, \$4,152,928 in other postemployment benefit obligations, and \$28,968,430 in net pension liability.

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

### Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-16	6-30-15
Program Revenues:		
Charges for Services	\$ 1,725,518.18	\$ 1,455,197.94
Operating Grants and Contributions	2,742,480.12	2,657,663.12
Capital Grants and Contributions	550,537.77	263,329.17
General Revenues:		
Property Taxes, Levied for Operational Purposes	58,048,540.08	53,098,729.26
Property Taxes, Levied for Capital Projects	20,448,088.78	18,056,328.05
Grants and Contributions Not Restricted to Specific Programs	20,391,086.15	22,495,813.19
Unrestricted Investment Earnings	74,345.17	-
Miscellaneous	961,680.41	2,839,976.75
<b>Total Revenues</b>	<b>104,942,276.66</b>	<b>100,867,037.48</b>
Functions/Program Expenses:		
Instruction	44,153,575.09	42,620,736.70
Student Support Services	2,442,873.89	2,338,425.01
Instructional Media Services	925,520.41	874,986.18
Instruction and Curriculum Development Services	2,436,266.51	1,846,332.54
Instructional Staff Training Services	1,298,380.45	1,650,861.36
Instruction-Related Technology	1,069,053.81	908,106.00
Board	408,376.03	642,961.00
General Administration	395,461.87	364,468.70
School Administration	4,680,174.77	4,890,796.67
Facilities Acquisition and Construction	379,492.27	1,308,608.27
Fiscal Services	1,250,254.79	493,196.46
Food Services	3,262,098.09	3,538,698.97
Central Services	730,611.68	729,133.02
Student Transportation Services	5,473,637.49	5,484,510.03
Operation of Plant	7,749,775.11	7,798,972.06
Maintenance of Plant	1,980,801.08	1,875,921.11
Administrative Technology Services	272,796.28	304,554.99
Community Services	902,155.91	742,180.38
Unallocated Interest on Long-Term Debt	1,655,638.77	1,893,427.14
Unallocated Depreciation Expense	5,570,732.49	5,435,224.36
Loss on Disposal of Capital Assets	-	882,521.71
<b>Total Functions/Program Expenses</b>	<b>87,037,676.79</b>	<b>86,624,622.66</b>
<b>Change in Net Position</b>	<b>17,904,599.87</b>	<b>14,242,414.82</b>
Net Position - Beginning	137,698,307.38	152,808,203.56
Adjustment to Beginning Net Position (1)	-	(29,352,311.00)
Net Position - Beginning, as Restated	137,698,307.38	123,455,892.56
<b>Net Position - Ending</b>	<b>\$ 155,602,907.25</b>	<b>\$ 137,698,307.38</b>

Note: (1) The adjustment to beginning net position was due to the implementation of Governmental Accounting Standard Board Statement No. 68, which was a change in accounting principle that required employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liability of the defined benefit pension plans.

The District's results of operations showed an increase in net position of \$17,904,599.87 for the 2015-16 fiscal year, compared to an increase of \$14,242,414.82 for the preceding fiscal year. Total revenues increased by \$4,075,239.18, or 4 percent for the 2015-16 fiscal year. This change is attributed in part, to an increase in property tax collections for operations and capital projects of \$7,341,571.55, or 10.3 percent, due to increases in the property values. Overall, property taxes account for 74.8 percent of total governmental activities revenues.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

#### Governmental Funds

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

The total fund balances of governmental funds decreased by \$7,019,760.87 during the fiscal year to \$38,009,138.60 at June 30, 2016. Approximately 31 percent of this amount is unassigned fund balance totaling \$11,679,213.98, which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is (1) not in spendable form (\$76,845.31), (2) restricted for particular purposes (\$24,769,050.93), or (3) assigned for particular purposes (\$1,484,028.38).

#### Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$11,679,213.98, while the total fund balance is \$13,616,526.17. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 17.3 percent of the total General Fund revenues, while total fund balance represents 17.9 percent of total General Fund revenues.

The General Fund balance increased by \$5,191,739.81 during the fiscal year. The key factor impacting the change in fund balance is an increase in the property values which resulted in increased tax revenues of \$4,949,810.82.

The Capital Projects – Local Capital Improvement (LCI) Fund and Capital Projects – Other Fund have total fund balances of \$20,740,243.16 and \$3,137,376.62, respectively. These funds are restricted for the acquisition, construction, and maintenance of capital assets. Of the total fund balances, \$1,872,565 has been encumbered for LCI projects and \$776,788 for Capital Projects – Other projects. The fund balances decreased in the current fiscal year due to the substantial completion of Walton Middle School and renovations of various facilities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2015-16 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$1,346,797.22, or 1.8 percent. At the same time, final appropriations are more than the original budgeted amounts by \$1,373,826.22. Budget revisions occurred primarily from changes in estimated local miscellaneous revenue and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$4,522,040.76, or 5.8 percent, less than final budget amounts. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$3,945,444.34.

### CAPITAL ASSETS AND LONG-TERM DEBT

#### Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2016, is \$190,858,799.82 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and computer software. The total increase in capital assets for the current fiscal year was \$18,802,557.11, or 10.9 percent.

Major capital asset events included the following:

- Construction projects completed during the fiscal year include:
  - Additional classroom space at Freeport Elementary School,
  - Paxton High School Athletic Improvements,
  - Safety and Security School Lobby Projects (multiple schools),
  - Parking lot expansion at Emerald Coast Technical College, and
  - Renovations at Bay Elementary School.
- At June 30, 2016, construction projects in progress include:
  - Walton Middle School
  - Freeport Transportation Facility

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

#### Long-Term Debt

At June 30, 2016, the District has total long-term debt outstanding of \$39,288,137.24, composed of \$70,850.49 of bonds payable and \$39,217,286.75 of certificates of participation payable. During the current fiscal year, retirement of debt was \$4,012,355.48.

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

### OTHER MATTERS OF SIGNIFICANCE

The enrollment projections for the District indicate an increase of 267 unweighted full-time equivalent students during the 2016-17 fiscal year, which will increase State revenue by approximately 4 percent.

Employer contributions to the Florida Retirement System increased for regular employees from 7.26 to 7.52 percent of payroll for the 2016-17 fiscal year.

Housing prices are expected to increase the taxable assessed value for the 2016-17 fiscal year, continuing a recovery trend consistent with the State of Florida.

### REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Walton County District School Board, 145 Park Street, Suite 3, DeFuniak Springs, Florida 32435.

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**BASIC FINANCIAL STATEMENTS**

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

	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 38,908,818.88	\$ 2,184,364.00
Cash and Cash Equivalents with Fiscal Agent	4,254,092.94	-
Investments	1,663.01	45,742.00
Accounts Receivable	75,357.51	10,418.00
Due from Other Agencies	151,806.01	3,875.00
Due from Related Schools	-	580.00
Deposits Receivable	-	6,021.00
Prepaid Items	60,310.15	38,243.00
Inventories	76,845.31	-
Capital Assets:		
Nondepreciable Capital Assets	38,769,548.77	861,608.00
Depreciable Capital Assets, Net	152,089,251.05	1,551,163.00
<b>TOTAL ASSETS</b>	<b>234,387,693.63</b>	<b>4,702,014.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	7,023,650.00	553,788.00
Net Carrying Amount of Debt Refunding	107,526.92	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>7,131,176.92</b>	<b>553,788.00</b>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings	2,256,213.34	21,125.00
Accounts Payable	1,278,809.79	61,117.00
Construction Contracts Payable	1,009,045.50	-
Construction Contracts Payable - Retained Percentage	885,090.79	-
Due to Other Agencies	2,731.52	-
Deposits Payable	20,000.00	-
Unearned Revenues	7,554.12	-
Long-Term Liabilities:		
Portion Due Within One Year	5,656,643.99	23,284.00
Portion Due After One Year	70,260,350.25	1,290,905.00
<b>TOTAL LIABILITIES</b>	<b>81,376,439.30</b>	<b>1,396,431.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	4,539,524.00	218,746.00
<b>NET POSITION</b>		
Net Investment in Capital Assets	153,215,111.29	2,402,262.00
Restricted for:		
State Required Carryover Programs	421,169.27	-
Debt Service	101,628.51	-
Capital Projects	22,654,109.89	13,943.00
Food Service	99,952.24	-
Unrestricted	(20,889,063.95)	1,224,420.00
<b>TOTAL NET POSITION</b>	<b>\$ 155,602,907.25</b>	<b>\$ 3,640,625.00</b>

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

**Walton County District School Board  
Statement of Activities  
For the Fiscal Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
Instruction	\$ 44,153,575.09	\$ 730,338.57	\$ -	\$ -	\$ (43,423,236.52)	\$ -
Student Support Services	2,442,873.89	-	-	-	(2,442,873.89)	-
Instructional Media Services	925,520.41	-	-	-	(925,520.41)	-
Instruction and Curriculum Development Services	2,436,266.51	-	-	-	(2,436,266.51)	-
Instructional Staff Training Services	1,298,380.45	-	-	-	(1,298,380.45)	-
Instruction-Related Technology	1,069,053.81	-	-	-	(1,069,053.81)	-
Board	408,376.03	-	-	-	(408,376.03)	-
General Administration	395,461.87	-	-	-	(395,461.87)	-
School Administration	4,680,174.77	-	-	-	(4,680,174.77)	-
Facilities Acquisition and Construction	379,492.27	-	-	314,735.15	(64,757.12)	-
Fiscal Services	1,250,254.79	-	-	-	(1,250,254.79)	-
Food Services	3,262,098.09	551,133.12	2,742,480.12	-	31,515.15	-
Central Services	730,611.68	-	-	-	(730,611.68)	-
Student Transportation Services	5,473,637.49	27,437.74	-	-	(5,446,199.75)	-
Operation of Plant	7,749,775.11	-	-	-	(7,749,775.11)	-
Maintenance of Plant	1,980,801.08	-	-	134,234.00	(1,846,567.08)	-
Administrative Technology Services	272,796.28	-	-	-	(272,796.28)	-
Community Services	902,155.91	416,608.75	-	-	(485,547.16)	-
Unallocated Interest on Long-Term Debt	1,655,638.77	-	-	101,568.62	(1,554,070.15)	-
Unallocated Depreciation Expense*	5,570,732.49	-	-	-	(5,570,732.49)	-
<b>Total Governmental Activities</b>	<b>\$ 87,037,676.79</b>	<b>\$ 1,725,518.18</b>	<b>\$ 2,742,480.12</b>	<b>\$ 550,537.77</b>	<b>(82,019,140.72)</b>	<b>-</b>
<b>Component Units</b>						
Charter Schools	\$ 6,354,155.00	\$ 23,316.00	\$ 61,394.00	\$ 287,221.00	-	(5,982,224.00)
General Revenues:						
Taxes:						
Property Taxes, Levied for Operational Purposes					58,048,540.08	-
Property Taxes, Levied for Capital Projects					20,448,088.78	-
Grants and Contributions Not Restricted to Specific Programs					20,391,086.15	5,827,774.00
Unrestricted Investment Earnings					74,345.17	3,618.00
Miscellaneous					961,680.41	387,248.00
<b>Total General Revenues</b>					<b>99,923,740.59</b>	<b>6,218,640.00</b>
<b>Change in Net Position</b>					<b>17,904,599.87</b>	<b>236,416.00</b>
Net Position - Beginning					137,698,307.38	3,404,209.00
<b>Net Position - Ending</b>					<b>\$ 155,602,907.25</b>	<b>\$ 3,640,625.00</b>

\* This amount excludes the depreciation that is included in the direct expenses of the various functions.

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

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

	General Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 16,082,645.95	\$ 21,506,415.59	\$ 834,282.40	\$ 485,474.94	\$ 38,908,818.88
Cash and Cash Equivalents with Fiscal Agent	-	-	4,254,092.94	-	4,254,092.94
Investments	-	-	-	1,663.01	1,663.01
Accounts Receivable	3,267.00	-	-	72,090.51	75,357.51
Due from Other Funds	149,926.97	-	-	-	149,926.97
Due from Other Agencies	-	-	-	151,806.01	151,806.01
Inventories	32,114.54	-	-	44,730.77	76,845.31
<b>TOTAL ASSETS</b>	<b>\$ 16,267,954.46</b>	<b>\$ 21,506,415.59</b>	<b>\$ 5,088,375.34</b>	<b>\$ 755,765.24</b>	<b>\$ 43,618,510.63</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payroll Deductions and Withholdings	\$ 2,171,563.29	\$ -	\$ -	\$ 84,650.05	\$ 2,256,213.34
Accounts Payable	451,458.40	332,020.51	491,014.35	4,316.53	1,278,809.79
Construction Contracts Payable	-	350,337.21	658,708.29	-	1,009,045.50
Construction Contracts Payable - Retained Percentage	-	83,814.71	801,276.08	-	885,090.79
Due to Other Funds	-	-	-	149,926.97	149,926.97
Due to Other Agencies	2,731.52	-	-	-	2,731.52
Deposits Payable	20,000.00	-	-	-	20,000.00
Unearned Revenues	5,675.08	-	-	1,879.04	7,554.12
<b>Total Liabilities</b>	<b>2,651,428.29</b>	<b>766,172.43</b>	<b>1,950,998.72</b>	<b>240,772.59</b>	<b>5,609,372.03</b>
Fund Balances:					
Nonspendable:					
Inventories	32,114.54	-	-	44,730.77	76,845.31
Restricted for:					
State Required Carryover Programs	421,169.27	-	-	-	421,169.27
Debt Service	-	-	-	101,628.51	101,628.51
Capital Projects	-	20,740,243.16	3,137,376.62	313,411.90	24,191,031.68
Food Service	-	-	-	55,221.47	55,221.47
Total Restricted Fund Balance	421,169.27	20,740,243.16	3,137,376.62	470,261.88	24,769,050.93
Assigned for:					
Unforeseen Contingencies	1,484,028.38	-	-	-	1,484,028.38
Unassigned Fund Balance	11,679,213.98	-	-	-	11,679,213.98
<b>Total Fund Balances</b>	<b>13,616,526.17</b>	<b>20,740,243.16</b>	<b>3,137,376.62</b>	<b>514,992.65</b>	<b>38,009,138.60</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 16,267,954.46</b>	<b>\$ 21,506,415.59</b>	<b>\$ 5,088,375.34</b>	<b>\$ 755,765.24</b>	<b>\$ 43,618,510.63</b>

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

**Walton County District School Board  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2016**

**Total Fund Balances - Governmental Funds** \$ 38,009,138.60

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 190,858,799.82

Prepaid insurance costs associated with the issuance of certificates of participation are reported as prepaid items on the government-wide statements and amortized over the life of the debt. 60,310.15

Deferred charges on refundings of debt are not expensed in the government-wide statements, but are reported as deferred outflows and amortized over the life of the debt. 107,526.92

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

Deferred Outflows Related to Pensions	\$ 7,023,650.00	
Deferred Inflows Related to Pensions	<u>(4,539,524.00)</u>	2,484,126.00

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

Certificates of Participation Payable	\$ (39,217,286.75)	
Bonds Payable	(70,850.49)	
Compensated Absences Payable	(3,507,499.00)	
Other Postemployment Benefits Payable	(4,152,928.00)	
Net Pension Liability	<u>(28,968,430.00)</u>	<u>(75,916,994.24)</u>

**Net Position - Governmental Activities** \$ 155,602,907.25

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

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**Walton County District School Board  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2016**

	General Fund	Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental:					
Federal Direct	\$ 270,828.70	\$ -	\$ -	\$ 450,534.31	\$ 721,363.01
Federal Through State and Local	56,139.65	-	-	6,742,157.29	6,798,296.94
State	15,576,808.27	-	119,221.00	468,414.82	16,164,444.09
Local:					
Property Taxes	58,048,540.08	20,448,088.78	-	-	78,496,628.86
Charges for Services - Food Service	-	-	-	551,133.12	551,133.12
Miscellaneous	2,116,589.57	-	55.72	153.57	2,116,798.86
Total Local Revenues	60,165,129.65	20,448,088.78	55.72	551,286.69	81,164,560.84
<b>Total Revenues</b>	76,068,906.27	20,448,088.78	119,276.72	8,212,393.11	104,848,664.88
<b>Expenditures</b>					
Current - Education:					
Instruction	43,827,005.10	-	-	1,871,603.61	45,698,608.71
Student Support Services	2,336,244.44	-	-	106,629.45	2,442,873.89
Instructional Media Services	925,520.41	-	-	-	925,520.41
Instruction and Curriculum Development Services	1,114,014.10	-	-	1,299,793.53	2,413,807.63
Instructional Staff Training Services	760,959.87	-	-	535,042.76	1,296,002.63
Instruction-Related Technology	1,042,764.55	-	-	-	1,042,764.55
Board	408,376.03	-	-	-	408,376.03
General Administration	244,323.42	-	-	151,138.45	395,461.87
School Administration	4,899,081.97	-	-	-	4,899,081.97
Facilities Acquisition and Construction	-	603,027.72	-	-	603,027.72
Fiscal Services	1,250,254.79	-	-	-	1,250,254.79
Food Services	28,595.76	-	-	3,231,957.90	3,260,553.66
Central Services	728,261.31	-	-	2,350.37	730,611.68
Student Transportation Services	4,827,881.56	-	-	4,160.14	4,832,041.70
Operation of Plant	7,880,772.36	-	-	-	7,880,772.36
Maintenance of Plant	1,980,801.08	-	-	-	1,980,801.08
Administrative Technology Services	272,796.28	-	-	-	272,796.28
Community Services	452,371.60	-	-	449,784.31	902,155.91
Fixed Capital Outlay:					
Facilities Acquisition and Construction	-	7,088,933.91	17,696,448.08	134,234.00	24,919,615.99
Other Capital Outlay	138,601.98	-	-	72,589.29	211,191.27
Debt Service:					
Principal	-	-	-	3,636,000.00	3,636,000.00
Interest and Fiscal Charges	140,515.63	-	-	1,819,201.77	1,959,717.40
<b>Total Expenditures</b>	73,259,142.24	7,691,961.63	17,696,448.08	13,314,485.58	111,962,037.53
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,809,764.03	12,756,127.15	(17,577,171.36)	(5,102,092.47)	(7,113,372.65)
<b>Other Financing Sources (Uses)</b>					
Transfers In	2,288,364.00	-	-	5,350,278.43	7,638,642.43
Loss Recoveries	93,611.78	-	-	-	93,611.78
Transfers Out	-	(7,519,421.43)	(119,221.00)	-	(7,638,642.43)
<b>Total Other Financing Sources (Uses)</b>	2,381,975.78	(7,519,421.43)	(119,221.00)	5,350,278.43	93,611.78
<b>Net Change in Fund Balances</b>	5,191,739.81	5,236,705.72	(17,696,392.36)	248,185.96	(7,019,760.87)
Fund Balances, Beginning	8,424,786.36	15,503,537.44	20,833,768.98	266,806.69	45,028,899.47
<b>Fund Balances, Ending</b>	\$ 13,616,526.17	\$ 20,740,243.16	\$ 3,137,376.62	\$ 514,992.65	\$ 38,009,138.60

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



**Walton County District School Board  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2016**

**Net Change in Fund Balances - Governmental Funds** \$ (7,019,760.87)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current fiscal year. 18,802,557.11

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of long-term debt that was repaid in the current fiscal year. 3,636,000.00

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Amortized Charge in Debt Refunding	\$ (69,016.84)	
Amortized Premiums	<u>376,355.48</u>	307,338.64

Prepaid insurance costs associated with the issuance of debt are expensed in the governmental funds, but are deferred and amortized over the life of the debt in governmental activities. This is the amount amortized in the current fiscal year. (3,260.01)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences used in excess of the amount earned in the current fiscal year. 1,057,593.00

Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefits liability for the current fiscal year. (170,328.00)

Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

FRS Pension Contribution	\$ 2,528,992.00	
HIS Pension Contribution	758,466.00	
FRS Pension Expense	(916,642.00)	
HIS Pension Expense	<u>(1,076,356.00)</u>	<u>1,294,460.00</u>

**Change in Net Position - Governmental Activities** \$ 17,904,599.87

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

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

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 941,982.00
Investments	26,538.00
Accounts Receivable	<u>6,203.00</u>
<b>TOTAL ASSETS</b>	<u>\$ 974,723.00</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 413.00
Internal Accounts Payable	<u>974,310.00</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 974,723.00</u>

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

## NOTES TO FINANCIAL STATEMENTS

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

#### B. Reporting Entity

The Walton 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 District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Walton 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 legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading. Based on the application of these criteria, the following component units are included within the District's reporting entity:

**Blended Component Unit.** Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Walton County Public Education Finance Authority, Inc. (Authority) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note II.I.1. Due to the substantive economic relationship between

the District and the Authority, the financial activities of the Authority are included in the accompanying basic financial statements. Separate financial statements for the Authority are not published.

**Discretely Presented Component Units.** The component units' columns in the government-wide financial statements include the financial data of the District's other component units. Separate columns are used to emphasize that they are legally separate from the District.

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

The financial data reported on the accompanying statements was derived from the audited financial statements of The Seaside School, Inc. and Walton Academy, for the fiscal year ended June 30, 2016. The audit reports are filed in the District's administrative offices at 145 Park Street, Suite 3, DeFuniak Springs, Florida 32435.

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

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

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

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

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component unit. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

- **General Fund** – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- **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 land, new construction, maintenance, renovation and remodeling projects, new

and replacement equipment, motor vehicle purchases, and payments for educational facilities and sites due under a lease-purchase agreement.

- **Capital Projects – Other Fund** – to account for the financial resources primarily generated by certificates of participation to be used for educational capital outlay needs, including new construction.

Additionally, the District reports the following fiduciary fund type:

- **Agency Funds** – to account for resources of the school internal funds, which are used to administer moneys collected at 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 the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated in the preparation of the government-wide financial statements.

#### **E. Measurement Focus and 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 as soon as all eligibility requirements imposed by the provider have been met.

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 as soon as they are both 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. For this purpose, the District considers revenues to be available if they are collected within 45 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of fiscal year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, 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 is reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

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

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

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

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME, and a money market fund held in trust in connection with certificates of participation.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

##### **2. Investments**

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

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

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

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

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

Prepaid insurance costs, incurred in connection with the issuance of certificates of participation, are recorded as a prepaid item on the government-wide financial statements and recognized as an expense over the life of the related debt.

#### 4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	7 - 35 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 25 years
Motor Vehicles	5 - 10 years
Computer Software	5 years

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

#### 5. Pensions

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

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

#### 6. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums and discounts on refinancing are deferred and amortized over the life of the debt.

Certificates of participation payable and bonds payable are reported net of the applicable premium or discount.

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

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

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category. The deferred outflows of resources related to deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category on the statement of net position. The deferred inflows of resources related to pensions are discussed in a subsequent note.

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

#### 9. Fund Balance Flow Assumptions

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

## 10. Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board may 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 additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

## G. Revenues and Expenditures/Expenses

### 1. Program Revenues

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

### 2. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE 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 FDOE. The FDOE 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 5 months following the date of the original reporting. Such amendments may impact funding allocations for subsequent fiscal years. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data.

Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

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

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

### 3. District Property Taxes

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

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

The Board adopted the 2015 tax levy on September 15, 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 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 Walton County Tax Collector at fiscal year-end but not yet remitted to the District.

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

#### 4. Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

#### 5. Compensated Absences

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

## II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash Deposits with Financial Institutions

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

### B. Investments

The District's investments at June 30, 2016, are reported as follows:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	39 Day Average	\$ 11,525,214.28
Debt Service Accounts	6 Months	1,663.01
First American Treasury Obligations Fund - Class Y (1) (2)	35 Day Average	4,254,092.94
<b>Total Investments</b>		<b>\$ 15,780,970.23</b>

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

(2) The First American Treasury Obligations Fund – Class Y invests exclusively in short-term United States (U.S.) Treasury obligations, including repurchase agreements secured by U.S. Treasury obligations. Shares in this fund are under a trust agreement in connection with Certificates of Participation, Series 2015.

### Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The SBA Debt Service Accounts are valued using Level 1 inputs.

### Interest Rate Risk

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

Florida PRIME and First American Treasury Obligations Fund – Class Y use a weighted average days to maturity (WAM). 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.

For Florida PRIME, Chapter 218.409(8)(a), Florida Statutes, states that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission 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 bids from qualified depositories, certificates of deposit, time deposits, securities of the United States Government, State-managed cooperative investment plans, and other forms of investments authorized by Section 218.415, Florida Statutes.

The District's investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

The District's investment in Florida PRIME and First American Treasury Obligations Fund – Class Y are rated AAAM by Standard & Poor's.

#### **Custodial Credit Risk**

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

The District's investment in First American Treasury Obligations Fund – Class Y is held by a trustee in the name of the District.

### **C. Changes in Capital Assets**

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 9,237,087.21	\$ -	\$ -	\$ 9,237,087.21
Land Improvements	83,602.06	404,504.66	-	488,106.72
Construction in Progress	14,287,596.00	21,272,249.29	6,515,490.45	29,044,354.84
Total Capital Assets Not Being Depreciated	23,608,285.27	21,676,753.95	6,515,490.45	38,769,548.77
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	6,809,274.72	606,544.34	-	7,415,819.06
Buildings and Fixed Equipment	187,092,798.21	7,235,590.82	-	194,328,389.03
Furniture, Fixtures, and Equipment	14,258,915.95	1,495,651.78	269,947.07	15,484,620.66
Motor Vehicles	11,086,170.49	644,101.00	3,500.00	11,726,771.49
Computer Software	623,364.15	-	875.87	622,488.28
Total Capital Assets Being Depreciated	219,870,523.52	9,981,887.94	274,322.94	229,578,088.52
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	4,122,287.93	400,726.57	-	4,523,014.50
Buildings and Fixed Equipment	47,857,563.45	4,141,925.20	-	51,999,488.65
Furniture, Fixtures, and Equipment	11,239,060.58	995,757.16	269,947.07	11,964,870.67
Motor Vehicles	7,650,977.22	769,861.84	3,500.00	8,417,339.06
Computer Software	552,676.90	32,323.56	875.87	584,124.59
Total Accumulated Depreciation	71,422,566.08	6,340,594.33	274,322.94	77,488,837.47
Total Capital Assets Being Depreciated, Net	148,447,957.44	3,641,293.61	-	152,089,251.05
Governmental Activities Capital Assets, Net	\$ 172,056,242.71	\$ 25,318,047.56	\$ 6,515,490.45	\$ 190,858,799.82

Depreciation expense was charged to functions as follows:

Function	Amount
<b>GOVERNMENTAL ACTIVITIES</b>	
Student Transportation Services	\$ 769,861.84
Unallocated	5,570,732.49
Total Depreciation Expense - Governmental Activities	\$ 6,340,594.33

### **D. Retirement Plans**

#### **1. FRS – Defined Benefit Pension Plans**

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

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members

effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The District's FRS and HIS pension expense totaled \$1,992,998 for the fiscal year ended June 30, 2016.

#### **FRS Pension Plan**

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

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

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred

monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided.** Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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

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

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:



Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00	7.26
FRS, Elected County Officers	3.00	42.27
DROP - Applicable to		
Members from All of the Above Classes	0.00	12.88
DROP - Terminated in Elected County Officers' Class	0.00	8.78
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

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

The District's contributions to the Plan totaled \$2,528,992 for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of \$14,123,061 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.109342583 percent, which was a decrease of 0.003679856 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized the Plan pension expense of \$916,642. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,490,977	\$ 334,956
Change of assumptions	937,395	-
Net difference between projected and actual earnings on FRS pension plan investments	-	3,372,351
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	-	491,350
District FRS contributions subsequent to the measurement date	2,528,992	-
<b>Total</b>	<b>\$ 4,957,364</b>	<b>\$ 4,198,657</b>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$2,528,992, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2017	\$ (1,209,950)
2018	(1,209,950)
2019	(1,209,951)
2020	1,572,344
2021	230,639
Thereafter	56,583
<b>Total</b>	<b>\$ (1,770,285)</b>

Actuarial Assumptions. The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

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

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

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed Income	18%	4.8%	4.7%	4.7%
Global Equity	53%	8.5%	7.2%	17.7%
Real Estate (Property)	10%	6.8%	6.2%	12.0%
Private Equity	6%	11.9%	8.2%	30.0%
Strategic Investments	12%	6.7%	6.1%	11.4%
<b>Total</b>	<b>100%</b>			
Assumed Inflation - Mean		2.6%		1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit

payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65 percent) or 1 percentage point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability (asset)	\$ 36,596,045	\$ 14,123,061	\$ (4,578,153)

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

**Payables to the Pension Plan.** At June 30, 2016, the District reported a payable of \$569,256.10 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2016.

#### **HIS Pension Plan**

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

**Benefits Provided.** For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the

event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$758,466 for the fiscal year ended June 30, 2016.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2016, the District reported a net pension liability of \$14,845,369 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, and update procedures were used to determine liabilities as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.145565285 percent, which was a decrease of 0.004391916 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized the HIS Plan pension expense of \$1,076,356. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 1,167,943	\$ -
Net difference between projected and actual earnings on HIS pension plan investments	8,036	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	131,841	340,867
District contributions subsequent to the measurement date	758,466	-
<b>Total</b>	<b>\$ 2,066,286</b>	<b>\$ 340,867</b>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$758,466, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ 173,770
2018	173,770
2019	173,771
2020	172,137
2021	171,353
Thereafter	102,152
<b>Total</b>	<b>\$ 966,953</b>

Actuarial Assumptions. The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.80 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.8 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.8 percent) or 1 percentage point higher (4.8 percent) than the current rate:

	<b>1% Decrease (2.8%)</b>	<b>Current Discount Rate (3.8%)</b>	<b>1% Increase (4.8%)</b>
District's proportionate share of the net pension liability	\$ 16,915,607	\$ 14,845,369	\$ 13,119,102

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

Payables to the Pension Plan. At June 30, 2016, the District reported a payable of \$165,538.64 for outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2016.

## 2. FRS – Defined Contribution Pension Plan

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

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

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$438,706.80 for the fiscal year ended June 30, 2016. At June 30, 2016, the District reported a payable of \$73,976.23 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2016.

#### E. Other Postemployment Benefit Obligations

**Plan Description.** The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, and life insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. 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 OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity.

**Funding Policy.** Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2015-16 fiscal year, 139 retirees received other postemployment benefits. The District provided required contributions of \$296,221 toward the annual OPEB cost, net of retiree contributions totaling \$649,041, which represents 1.6 percent of covered payroll.

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

Description	Amount
Normal Cost (service cost for 1 year)	\$ 253,080
Amortization of Unfunded Actuarial Accrued Liability	242,808
Annual Required Contribution	495,888
Interest on Net OPEB Obligation	136,603
Adjustment to Annual Required Contribution	(165,942)
Annual OPEB Cost (Expense)	466,549
Contribution Toward the OPEB Cost	(296,221)
Increase in Net OPEB Obligation	170,328
Net OPEB Obligation, Beginning of Year	3,982,600
Net OPEB Obligation, End of Year	\$ 4,152,928

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2016, and the 2 preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013-14	\$ 493,928	49.0%	\$ 3,808,075
2014-15	449,117	61.1%	3,982,600
2015-16	466,549	63.5%	4,152,928

**Funded Status and Funding Progress.** As of October 1, 2014, the most recent valuation date, the actuarial accrued liability for benefits was \$5,539,947, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$5,539,947 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$41,538,892, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.3 percent.

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to financial statements as required supplementary information, presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial

calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, the actuarial valuations used actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The District's OPEB actuarial valuation as of October 1, 2014, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2016, and to estimate the District's 2015-16 fiscal year ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.43 percent rate of return on invested assets, which is the District's long-term expectation of investment returns. The actuarial assumptions also included a payroll growth rate of 3.43 percent per year, projected salary increases of 3.7 to 7.8 percent per year, and an annual healthcare cost trend rate of 7 percent beginning October 1, 2016, to an ultimate rate of 4.47 percent after 24 years. The investment rate of return and projected salary increases include a general price inflation of 2.5 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a 30-year period. The remaining amortization period at June 30, 2016, was 23 years.

#### F. 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 fiscal year are carried forward and the next fiscal year's appropriations are likewise encumbered.

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

Major Funds			
General	Capital Projects - Local Capital Improvement	Capital Projects - Other	Total Governmental Funds
\$ 244,813	\$ 1,872,565	\$ 776,788	\$ 2,894,166

**Construction Contracts.** Encumbrances include the following major construction contract commitments at fiscal year-end:

Project	Contract Amount	Completed to Date	Balance Committed
Walton Middle School	\$ 21,328,116.60	\$ 18,723,300.77	\$ 2,604,815.83
Freeport Transportation Facility	1,761,589.43	1,039,901.76	721,687.67
New Elementary School - Architect Contract	2,389,056.00	-	2,389,056.00
<b>Total</b>	<b>\$ 25,478,762.03</b>	<b>\$ 19,763,202.53</b>	<b>\$ 5,715,559.50</b>

#### G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Walton County

District School Board is a member of the Panhandle Area Educational Consortium - Risk Management Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, sabotage and terrorism, general liability, automobile liability, workers' compensation, employee dishonesty, equipment breakdown, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Washington County District School Board serves as fiscal agent for the Consortium. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

The District's health and hospitalization insurance program is provided through purchased commercial insurance with minimum deductibles for each line of coverage.

#### H. Changes in Short-Term Debt

The following is a schedule of changes in short-term debt:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Additions	Deductions	Ending Balance
Tax Anticipation Note	\$ 0	\$ 17,250,000	\$ 17,250,000	\$ 0

In August 2015, the District acquired \$17,250,000 by issuing a Tax Anticipation Note (Note), Series 2015, to meet current operating needs pending receipt of property tax proceeds. During the period December 2015 through March 2016, the District repaid the Note at par plus interest of \$140,515.63.

#### I. Long-Term Liabilities

##### 1. Certificates of Participation

The District entered into a financing arrangement on June 1, 1999, which was characterized as a master lease-purchase agreement, with the Walton County Public Education Finance Authority, Inc. (Authority), to issue certificates of participation (Certificates) and to provide a vehicle for future Certificate financings. Through such arrangements, the District secured financing of various educational facilities. Such financings are repaid from the proceeds of rents paid by the District.

Certificates of participation at June 30, 2016, are as follows:

Original		Principal		Refunded by Series	Balance at June 30, 2016
Issue	Amount	Paid	Refunded		
1999	\$ 25,960,000	\$ 9,915,000	\$ 16,045,000	2005	\$ -
2005	16,660,000	11,035,000	-	-	5,625,000
2010	10,075,000	5,650,000	-	-	4,425,000
2015	26,100,000	810,000	-	-	25,290,000

As a condition of the financing arrangements, the District gave ground leases on District property to the Leasing Corporation with a rental fee of \$10 per year. The term of the ground lease for the Series 1999 and 2005 Certificates ends on the earlier of the date on which all the Series 1999 and 2005 Certificates and any refunding certificates have been paid in full, or June 30, 2029. The term of the ground lease for the Series 2010 Certificates ends on the earlier of the date on which the Series 2010 Certificates have been paid in full, or 10 years from the final maturity date of the Series 2010 Certificates and any refunding certificates. The term of the ground lease for the Series 2015 Certificates ends on the earlier of the date on which all the Series 2015 Certificates and any refunding certificates have been paid in full, or 10 years from the final maturity date of the Series 2015 Certificates and any refunding certificates. 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 as specified by the arrangements.

The District properties included in the various ground leases under these arrangements include properties at Freeport High School, South Walton High School, Emerald Coast Middle School, and Walton Middle School, which is currently under construction.

The lease payments are payable by the District semiannually on January 1 and July 1 for all Certificates Series.

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<b>Fiscal Year Ending June 30</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 5,350,890.00	\$ 3,690,000.00	\$ 1,660,890.00
2018	5,349,102.00	3,825,000.00	1,524,102.00
2019	5,350,207.50	4,000,000.00	1,350,207.50
2020	3,282,919.00	2,115,000.00	1,167,919.00
2021	2,090,500.00	1,005,000.00	1,085,500.00
2022-2026	10,461,000.00	5,840,000.00	4,621,000.00
2027-2031	10,457,500.00	7,450,000.00	3,007,500.00
2032-2035	8,364,500.00	7,415,000.00	949,500.00
<b>Total Minimum Lease Payments</b>	<b>50,706,618.50</b>	<b>35,340,000.00</b>	<b>15,366,618.50</b>
<b>Plus: Unamortized Premium</b>	<b>3,877,286.75</b>	<b>3,877,286.75</b>	<b>-</b>
<b>Total Certificates of Participation</b>	<b>\$ 54,583,905.25</b>	<b>\$ 39,217,286.75</b>	<b>\$ 15,366,618.50</b>

## 2. Bonds Payable

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

<b>Bond Type</b>	<b>Amount Outstanding</b>	<b>Interest Rates (Percent)</b>	<b>Annual Maturity To</b>
State School Bonds: Series 2014B, Refunding	<u>\$ 66,000</u>	2.0 - 5.0	2020

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

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

<b>Fiscal Year Ending June 30</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>
State School Bonds:			
2017	\$ 48,240.00	\$ 45,000.00	\$ 3,240.00
2018	17,990.00	17,000.00	990.00
2019	2,140.00	2,000.00	140.00
2020	2,040.00	2,000.00	40.00
<b>Total Bond Payments</b>	<b>70,410.00</b>	<b>66,000.00</b>	<b>4,410.00</b>
<b>Plus: Unamortized Premium</b>	<b>4,850.49</b>	<b>4,850.49</b>	<b>-</b>
<b>Total State School Bonds</b>	<b>\$ 75,260.49</b>	<b>\$ 70,850.49</b>	<b>\$ 4,410.00</b>

## 3. Changes in Long-Term Liabilities

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

<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due In One Year</b>
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of Participation Payable	\$ 38,880,000.00	\$ -	\$ 3,540,000.00	\$ 35,340,000.00	\$ 3,690,000.00
Unamortized Premium	4,246,586.96	-	369,300.21	3,877,286.75	355,886.14
<b>Total Certificates of Participation Payable</b>	<b>43,126,586.96</b>	<b>-</b>	<b>3,909,300.21</b>	<b>39,217,286.75</b>	<b>4,045,886.14</b>
Bonds Payable	162,000.00	-	96,000.00	66,000.00	45,000.00
Unamortized Premium	11,905.76	-	7,055.27	4,850.49	3,307.16
<b>Total Bonds Payable</b>	<b>173,905.76</b>	<b>-</b>	<b>103,055.27</b>	<b>70,850.49</b>	<b>48,307.16</b>
Compensated Absences Payable	4,565,092.00	389,742.83	1,447,335.83	3,507,499.00	951,284.68
Other Postemployment Benefits Payable	3,982,600.00	466,549.00	296,221.00	4,152,928.00	-
Net Pension Liability	20,917,395.00	17,502,466.00	9,451,431.00	28,968,430.00	611,166.01
<b>Total Governmental Activities</b>	<b>\$ 72,765,579.72</b>	<b>\$ 18,358,757.83</b>	<b>\$ 15,207,343.31</b>	<b>\$ 75,916,994.24</b>	<b>\$ 5,656,643.99</b>

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund.

## J. Fund Balance Reporting

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

- **Nonspendable Fund Balance.** Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.
- **Restricted Fund Balance.** Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.
- **Unassigned Fund Balance.** The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

## K. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 149,926.97	\$ -
Nonmajor Governmental	-	149,926.97
<b>Total</b>	<b>\$ 149,926.97</b>	<b>\$ 149,926.97</b>

Interfund receivables and payables represent amounts due for expenditures paid from one fund on behalf of the other fund. These amounts are expected to be repaid within 1 year.

## L. Revenues

### 1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2015-16 fiscal year:

Source	Amount
Categorical Educational Program - Class Size Reduction	\$ 9,089,682.00
Florida Education Finance Program	4,393,063.00
Workforce Development Program	794,012.00
School Recognition	418,861.00
Voluntary Prekindergarten Program	336,638.91
Florida Best and Brightest Scholarship Program	317,813.41
Motor Vehicle License Tax (Capital Outlay and Debt Service)	297,082.77
Gross Receipts Tax (Public Education Capital Outlay)	134,234.00
Charter School Capital Outlay	119,221.00
Miscellaneous	263,836.00
<b>Total</b>	<b>\$ 16,164,444.09</b>

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

## 2. Property Taxes

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

General Fund	Millages	Taxes Levied
Nonvoted School Tax:		
Required Local Effort	2.707	\$ 41,016,819.72
Basic Discretionary Local Effort	0.748	11,333,794.29
Voted School Tax:		
Additional Operating	0.500	7,576,065.70
<b>Capital Projects - Local Capital Improvement Fund</b>		
Nonvoted Tax:		
Local Capital Improvements	1.393	21,106,919.05
<b>Total</b>	<b>5.348</b>	<b>\$ 81,033,598.76</b>

## M. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 2,288,364.00	\$ -
Capital Projects:		
Local Capital Improvement	-	7,519,421.43
Other	-	119,221.00
Nonmajor Governmental	5,350,278.43	-
<b>Total</b>	<b>\$ 7,638,642.43</b>	<b>\$ 7,638,642.43</b>

The District made transfers from the Capital Projects – Local Capital Improvement Fund to the General Fund to supplement maintenance operations and pay for other advertised projects and property and casualty insurance premiums, and to a nonmajor governmental debt service fund to fund annual debt service payments. The District made transfers from the Capital Projects – Other Fund to the General Fund to transfer charter school capital outlay moneys for subsequent disbursement to the charter schools.

## III. SUBSEQUENT EVENTS

The Board authorized the issuance of a tax anticipation note (Note), Series 2016, in the amount of \$8,100,000. The proceeds will be used for operating expenses for the fiscal year ending June 30, 2017. The Note is dated September 1, 2016, and the Note is scheduled to mature on March 31, 2017. The stated interest rate is 1.38 percent.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2016

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental:				
Federal Direct	\$ 265,000.00	\$ 268,045.17	\$ 270,828.70	\$ 2,783.53
Federal Through State and Local State	275,000.00	275,000.00	56,139.65	(218,860.35)
State	15,549,974.25	15,876,284.22	15,576,808.27	(299,475.95)
Local:				
Property Taxes	57,519,365.00	57,519,365.00	58,048,540.08	529,175.08
Miscellaneous	1,832,199.00	2,849,641.08	2,116,589.57	(733,051.51)
Total Local Revenues	59,351,564.00	60,369,006.08	60,165,129.65	(203,876.43)
<b>Total Revenues</b>	<b>75,441,538.25</b>	<b>76,788,335.47</b>	<b>76,068,906.27</b>	<b>(719,429.20)</b>
<b>Expenditures</b>				
Current - Education:				
Instruction	45,716,012.77	46,227,175.95	43,827,005.10	2,400,170.85
Student Support Services	3,194,236.00	2,810,371.79	2,336,244.44	474,127.35
Instructional Media Services	909,469.00	938,725.80	925,520.41	13,205.39
Instruction and Curriculum Development Services	1,021,580.00	1,172,297.02	1,114,014.10	58,282.92
Instructional Staff Training Services	893,946.00	896,819.36	760,959.87	135,859.49
Instruction-Related Technology	866,175.00	1,447,080.29	1,042,764.55	404,315.74
Board	643,362.00	436,473.40	408,376.03	28,097.37
General Administration	261,354.00	249,976.51	244,323.42	5,653.09
School Administration	4,977,941.00	4,971,185.87	4,899,081.97	72,103.90
Fiscal Services	541,704.01	1,250,254.79	1,250,254.79	-
Food Services	-	28,595.76	28,595.76	-
Central Services	685,830.00	844,926.63	728,261.31	116,665.32
Student Transportation Services	5,611,608.00	4,953,966.59	4,827,881.56	126,085.03
Operation of Plant	8,306,367.00	8,419,371.70	7,880,772.36	538,599.34
Maintenance of Plant	1,950,143.00	2,067,601.05	1,980,801.08	86,799.97
Administrative Technology Services	309,961.00	331,802.38	272,796.28	59,006.10
Community Services	387,732.00	454,020.50	452,371.60	1,648.90
Fixed Capital Outlay:				
Other Capital Outlay	-	138,601.98	138,601.98	-
Debt Service:				
Interest and Fiscal Charges	129,936.00	141,935.63	140,515.63	1,420.00
<b>Total Expenditures</b>	<b>76,407,356.78</b>	<b>77,781,183.00</b>	<b>73,259,142.24</b>	<b>4,522,040.76</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(965,818.53)</b>	<b>(992,847.53)</b>	<b>2,809,764.03</b>	<b>3,802,611.56</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,365,000.00	2,369,143.00	2,288,364.00	(80,779.00)
Loss Recoveries	-	-	93,611.78	93,611.78
Transfers Out	(130,000.00)	(130,000.00)	-	130,000.00
<b>Total Other Financing Sources</b>	<b>2,235,000.00</b>	<b>2,239,143.00</b>	<b>2,381,975.78</b>	<b>142,832.78</b>
<b>Net Change in Fund Balances</b>	<b>1,269,181.47</b>	<b>1,246,295.47</b>	<b>5,191,739.81</b>	<b>3,945,444.34</b>
Fund Balances, Beginning	8,424,786.36	8,424,786.36	8,424,786.36	-
<b>Fund Balances, Ending</b>	<b>\$ 9,693,967.83</b>	<b>\$ 9,671,081.83</b>	<b>\$ 13,616,526.17</b>	<b>\$ 3,945,444.34</b>

### Schedule of Funding Progress – Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/01/10	\$ -	\$ 7,185,173	\$ 7,185,173	0.0%	\$ 33,151,003	21.7%
10/01/12	-	4,955,272	4,955,272	0.0%	43,110,403	11.5%
10/01/14	-	5,539,947	5,539,947	0.0%	41,538,892	13.3%

Note: (1) The District's OPEB actuarial valuation used the entry age normal cost actuarial method to estimate the actuarial accrued liability.

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

	2015	2014	2013
District's proportion of the FRS net pension liability	0.109342583%	0.113022439%	0.113093868%
District's proportionate share of the FRS net pension liability	\$ 14,123,061	\$ 6,896,031	\$ 19,468,488
District's covered-employee payroll (2)	\$ 44,207,768	\$ 44,557,617	\$ 42,945,352
District's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	31.95%	15.48%	45.33%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	88.54%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.  
(2) Covered-employee payroll includes defined benefit plan, actives, investment plan members, and members in DROP.

### Schedule of District Contributions – Florida Retirement System Pension Plan (1)

	2016	2015	2014
Contractually required FRS contribution	\$ 2,528,992	\$ 2,665,865	\$ 2,475,671
FRS contributions in relation to the contractually required contribution	(2,528,992)	(2,665,865)	(2,475,671)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll (2)	\$ 45,717,550	\$ 44,207,768	\$ 44,557,617
FRS contributions as a percentage of covered-employee payroll	5.53%	6.03%	5.56%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.  
(2) Covered-employee payroll includes defined benefit plan, actives, investment plan members, and members in DROP.



**Schedule of the District's Proportionate Share  
of the Net Pension Liability –  
Health Insurance Subsidy Pension Plan (1)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
District's proportion of the HIS net pension liability	0.145565285%	0.149957201%	0.147860458%
District's proportionate share of the HIS net pension liability	\$ 14,845,369	\$ 14,021,364	\$ 12,873,197
District's covered-employee payroll (2)	\$ 44,207,768	\$ 44,557,617	\$ 42,945,352
District's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	33.58%	31.47%	29.98%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	1.78%

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

(2) Covered-employee payroll includes defined benefit plan, actives, investment plan members, and members in DROP.

**Schedule of District Contributions –  
Health Insurance Subsidy Pension Plan (1)**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required HIS contribution	\$ 758,466	\$ 556,441	\$ 513,703
HIS contributions in relation to the contractually required contribution	(758,466)	(556,441)	(513,703)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll (2)	\$ 45,717,550	\$ 44,207,768	\$ 44,557,617
HIS contributions as a percentage of covered-employee payroll	1.66%	1.26%	1.15%

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

(2) Covered-employee payroll includes defined benefit plan, actives, investment plan members, and members in DROP.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. Budgetary Basis of Accounting**

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student transportation services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent fiscal year's appropriations.

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

*Changes of Assumptions.* The municipal bond rate used to determine total pension liability was decreased from 4.29 percent to 3.8 percent.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### Walton County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures
<b>United States Department of Agriculture:</b>			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	15002	\$ 551,167.25
National School Lunch Program	10.555	15001	2,132,371.52
Summer Food Service Program for Children	10.559	15006	17,605.35
<b>Total United States Department of Agriculture</b>			<b>2,701,144.12</b>
<b>United States Department of Education:</b>			
Direct:			
Impact Aid	84.041	N/A	206,176.70
Federal Pell Grant Program	84.063	N/A	450,534.31
<b>Total Direct</b>			<b>656,711.01</b>
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	263	1,377,955.05
Special Education - Preschool Grants	84.173	267	60,459.81
<b>Total Special Education Cluster</b>			<b>1,438,414.86</b>
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	2,192,498.11
Career and Technical Education - Basic Grants to States	84.048	161	160,493.18
Education for Homeless Children and Youth	84.196	127	44,100.00
English Language Acquisition State Grants	84.365	102	40,451.23
Improving Teacher Quality State Grants	84.367	224	165,055.79
<b>Total Indirect</b>			<b>4,041,013.17</b>
<b>Total United States Department of Education</b>			<b>4,697,724.18</b>
<b>United States Department of Defense:</b>			
Direct:			
Air Force Junior Reserve Officers Training Corps	None	N/A	64,652.00
<b>Total Expenditures of Federal Awards</b>			<b>\$ 7,463,520.30</b>

The notes below are an integral part of this schedule.

- Notes: (1) **Basis of Presentation.** The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Walton County District School Board under programs of the Federal government for the fiscal 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 of 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 or changes in net position 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, *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 for National School Lunch Program.** Includes \$232,328.47 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) **Impact Aid.** Expenditures are related to grant numbers/programs: S041-2011-1272 for \$502.67; S041-2012-1272 for \$20,846.50; S041-2013-1272 for \$3,131.53; and S041-2016-1272 for \$181,696.00.



Sherrill F. Norman, CPA  
Auditor General

## AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Walton County District School Board, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2017, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### Internal Control Over Financial Reporting

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

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

misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### Compliance and Other Matters

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

We noted a certain additional matter that is discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

#### District's Response to Finding

District's response to the finding identified in our audit is included as District Response in Financial Statement Finding No. 2016-001 and in the **CORRECTIVE ACTION PLAN**. District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 16, 2017



Sherrill F. Norman, CPA  
Auditor General

## AUDITOR GENERAL STATE OF FLORIDA

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

#### Report on Compliance for the Major Federal Program

We have audited the Walton County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major Federal program for the fiscal year ended June 30, 2016. The District's major Federal program is 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 the District's major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### **Opinion on the Major Federal Program**

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

#### **Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 16, 2017

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

#### Federal Awards

Internal control over major Federal program:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major Federal program: Unmodified

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

Identification of major program:

CFDA Number: 84.010 Name of Federal Program or Cluster: Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? Yes

## FINANCIAL STATEMENT FINDING

### ADDITIONAL MATTER

#### FINANCIAL REPORTING

**Finding Number** 2016-001

**Opinion Unit** Governmental Activities

**Financial Statements Account Titles** Net Position: Net Investment in Capital Assets, Restricted for Capital Projects, and Unrestricted; Deferred Outflows of Resources – Pensions; Deferred Inflows of Resources – Pensions; and expenses allocated to various functions

**Adjustment Amounts** Government-wide financial statements reductions of \$39,111,757 for Net Position – Net Investment in Capital Assets and \$1,536,922 for Net Position – Restricted for Capital Projects, and an addition of \$40,648,679 to Net Position – Unrestricted.

Government-wide financial statements additions of \$6,048,642 to Deferred Outflows of Resources – Pensions and \$3,372,351 to Deferred Inflows of Resources – Pensions, and a reduction of pension expense allocated to various functions by \$2,676,291, resulting in an addition of \$2,676,291 to Net Position – Unrestricted.

**Finding Criteria** The District's financial reporting procedures could be improved.

State Board of Education Rule 6A-1.0071, Florida Administrative Code, and related instructions from the Florida Department of Education prescribe the exhibits and schedules that should be prepared as part of the District's annual financial report (AFR). Section 1010.01, Florida Statutes requires that these exhibits and schedules be prepared in accordance with generally accepted accounting principles (GAAP).

GAAP specifies the manner in which the Net Position – Net Investment in Capital Assets component of net position is to be calculated. The Net Position – Net Investment in Capital Assets component consists of capital assets, net of accumulated depreciation, and should be reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of the capital assets. If there are significant unspent related debt proceeds at fiscal year-end, the portion of the debt attributable to the unspent proceeds should not be included in the calculation of Net Position – Net Investment in Capital Assets, rather that portion of the debt should be included in the same net position component as the unspent proceeds.

The Net Position – Unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of Net Position – Net Investment in Capital Assets or the restricted components of net position.

GAAP provides that contributions made subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period (June 30, 2016) should be reported as Deferred Outflow of Resources – Pensions.

**Condition** On the government-wide financial statements, the District did not comply with GAAP by reducing Net Position – Net Investment in Capital Assets by the outstanding balances of capital asset related debt, net of unspent proceeds and deferred charges. While these errors did not impact the total reported net position amount, this resulted in an overstatement of Net Position – Net Investment in Capital Assets and Net Position – Restricted for Capital Projects of \$39,111,757

and \$1,536,922, respectively; and an understatement of Net Position – Unrestricted of \$40,648,679.

In addition, on the government-wide financial statements, the District under-reported Deferred Outflows of Resources – Pensions and Deferred Inflows of Resources – Pensions by \$6,048,642 and \$3,372,351, respectively, and over-reported pension expense allocated to various functions by \$2,676,291, resulting in a net understatement of Net Position – Unrestricted of \$2,676,291.

<b>Cause</b>	In response to our inquiry, District personnel indicated that there was an error in the District's formula for calculating net investment in capital assets, which resulted in the misstatement of the net position amounts. Additionally, for pension contributions subsequent to the measurement date, a Florida Retirement System report with data as of September 30, 2015, was inadvertently used instead of the report with data as of June 30, 2016. Also, District review procedures did not detect these reporting errors.
<b>Effect</b>	Reporting errors such as these may cause financial statement users to misunderstand the capital-related net position amounts, and the pension-related account balances and transactions. We extended our audit procedures to determine the adjustments necessary to properly report these accounts and transactions, and District personnel accepted these adjustments. However, our extended audit procedures cannot substitute for management's responsibility for proper financial reporting.
<b>Recommendation</b>	The District should exercise additional care to ensure that government-wide financial statement account balances and transactions are properly reported.
<b>District Response</b>	The District concurs with the finding and has developed a corrective action plan to address the issues noted.

### **PRIOR AUDIT FOLLOW-UP**

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

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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

### **CORRECTIVE ACTION PLAN**

#### **Walton County District School Board Management's Corrective Action Plan For the Fiscal Year Ended June 30, 2016**

Finding Number:	2016-001
Planned Corrective Action:	The Walton County School District has developed procedures to ensure the year end conversion entries and Financial Statements are fairly stated in accordance with GAAP. We have changed the spreadsheet error used to calculate Net Position – Restricted for Capital Projects and we have taken steps to ensure the correct reports from the Florida Retirement System are used to record pension liabilities. In addition, the district has established a financial review process with a sister Florida School District for oversight and review.
Anticipated Completion Date:	9/11/2017
Responsible Contact Person:	Debra Noyes, CFO

**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GENERAL FUND**  
For the Fiscal Year Ended June 30, 2017

Exhibit K-1  
FDOE Page 1  
**Fund 100**

REVENUES	Account Number	
<i>Federal Direct:</i>		
Federal Impact, Current Operations	3121	292,592.32
Reserve Officers Training Corps (ROTC)	3191	68,038.91
Miscellaneous Federal Direct	3199	
Total Federal Direct	3100	360,631.23
<i>Federal Through State and Local:</i>		
Medicaid	3202	392,587.40
National Forest Funds	3255	
Federal Through Local	3280	
Miscellaneous Federal Through State	3299	
Total Federal Through State and Local	3200	392,587.40
<i>State:</i>		
Florida Education Finance Program (FEFP)	3310	4,581,133.00
Workforce Development	3315	752,743.00
Workforce Development Capitalization Incentive Grant	3316	
Workforce Education Performance Incentive	3317	50,247.00
Adults with Disabilities	3318	
CO&DS Withheld for Administrative Expenditure	3323	4,497.51
Diagnostic and Learning Resources Centers	3335	
Sales Tax Distribution (s. 212.20(6)(d)6.a., F.S.)	3341	222,500.00
State Forest Funds	3342	
State License Tax	3343	3,871.15
District Discretionary Lottery Funds	3344	140,867.00
<i>Categorical Programs:</i>		
Class Size Reduction Operating Funds	3355	9,359,723.00
Florida School Recognition Funds	3361	376,109.00
Voluntary Prekindergarten Program	3371	606,226.48
Preschool Projects	3372	
<i>Other State:</i>		
Reading Programs	3373	
Full-Service Schools Program	3378	
State Through Local	3380	
Other Miscellaneous State Revenues	3399	361,378.93
Total State	3300	16,459,296.07
<i>Local:</i>		
District School Taxes	3411	62,064,669.68
Tax Redemptions	3421	
Payment in Lieu of Taxes	3422	
Excess Fees	3423	
Tuition	3424	
Rent	3425	5,352.50
Interest on Investments	3431	101,459.03
Gain on Sale of Investments	3432	
Net Increase (Decrease) in Fair Value of Investments	3433	
Gifts, Grants and Bequests	3440	
<i>Student Fees:</i>		
Adult General Education Course Fees	3461	2,698.50
Postsec Career Cert-Appl Tech Diploma Course Fees	3462	277,051.78
Continuing Workforce Education Course Fees	3463	
Capital Improvement Fees	3464	13,852.54
Postsecondary Lab Fees	3465	126,021.46
Lifelong Learning Fees	3466	
GED® Testing Fees	3467	
Financial Aid Fees	3468	27,705.15
Other Student Fees	3469	71,265.74
<i>Other Fees:</i>		
Preschool Program Fees	3471	
Prekindergarten Early Intervention Fees	3472	202,762.50
School-Age Child Care Fees	3473	439,247.24
Other Schools, Courses and Classes Fees	3479	
<i>Miscellaneous Local:</i>		
Bus Fees	3491	
Transportation Services Rendered for School Activities	3492	289.31
Sale of Junk	3493	
Receipt of Federal Indirect Cost Rate	3494	159,695.23
Other Miscellaneous Local Sources	3495	1,471,067.20
Impact Fees	3496	
Refunds of Prior Year's Expenditures	3497	
Collections for Lost, Damaged and Sold Textbooks	3498	1,003.14
Receipt of Food Service Indirect Costs	3499	
Total Local	3400	64,964,141.00
<b>Total Revenues</b>	<b>3000</b>	<b>82,176,655.70</b>

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND (Continued)  
 For the Fiscal Year Ended June 30, 2017

Exhibit K-1  
 FDOE Page 2  
 Fund 100

EXPENDITURES	Account Number	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other	Totals
<i>Current:</i>									
Instruction	5000	29,204,605.03	8,491,205.11	5,885,521.00		1,408,926.99	21,744.71	708,776.54	45,718,779.46
Student Support Services	6100	1,152,266.80	516,155.87	188,294.80		22,651.42	0.00	16,576.40	2,085,345.32
Instructional Media Services	6200	712,289.11	197,582.77			6,874.49	45,628.34	7,894.59	965,495.63
Instruction and Curriculum Development Services	6300	742,854.16	195,537.06	74,647.57		34,218.23	460.46	3,241.84	1,047,959.32
Instructional Staff Training Services	6400	340,048.07	79,455.68	253,948.10		59,544.08	2,451.90	93,468.83	829,116.68
Instruction-Related Technology	6500	281,201.43	77,775.47	593,496.48		94,193.67	378,977.59	1,388.68	1,427,122.72
Board	7100	147,054.79	93,416.76	131,125.63		8,808.77		53,813.06	433,418.61
General Administration	7200	163,187.02	66,433.10	35,136.03		5,135.78		2,529.14	272,461.09
School Administration	7300	4,022,296.23	1,117,818.15	4,537.50		38,593.05		30,808.22	5,213,873.15
Facilities Acquisition and Construction	7410			487,981.45		994.50			488,975.95
Fiscal Services	7500	367,904.47	103,222.81	22,060.97		26,037.20	3,167.31	0.00	522,492.76
Food Services	7600	15,279.82	1,108.93						16,448.75
Central Services	7700	485,258.84	112,799.22	46,680.86		14,271.81		27,209.15	786,855.36
Student Transportation Services	7800	2,547,785.16	1,312,345.88	101,921.25	912,925.62	425,321.09	1,150.00	71,422.39	5,603,311.85
Operation of Plant	7900	2,366,152.27	970,582.24	2,293,472.38	1,874,998.69	152,646.06	0.00	20,867.49	7,978,719.13
Maintenance of Plant	8100	1,294,774.50	443,114.54	108,658.23	1,999.38	42,173.13	0.00	2,562.05	1,893,301.81
Administrative Technology Services	8200	267,635.66	70,625.61	105,977.53		786.13	0.00	0.00	445,024.93
Community Services	9100	233,099.63	84,213.63	3,298.90		12,978.14	0.00	143,156.90	465,746.31
<i>Capital Outlay:</i>									
Facilities Acquisition and Construction	7420								0.00
Other Capital Outlay	9300						137,569.52		137,669.28
<i>Debt Service - (Function 9200)</i>									
Redemption of Principal	710								0.00
Interest	720							34,620.75	34,620.75
<b>Total Expenditures</b>		44,033,800.90	13,946,130.14	10,634,597.29	2,788,923.47	2,382,176.51	591,249.59	1,242,679.06	76,120,833.04
<b>Excess (Deficiency) of Revenues Over Expenditures</b>									6,055,822.66

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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GENERAL FUND (Continued)**  
For the Fiscal Year Ended June 30, 2017

Exhibit K-1  
FDOE Page 3  
**Fund 100**

<b>OTHER FINANCING SOURCES (USES)</b> <b>and CHANGES IN FUND BALANCES</b>	<b>Account</b> <b>Number</b>	
Loans	3720	
Sale of Capital Assets	3730	
Loss Recoveries	3740	7,225.64
<i>Transfers In:</i>		
From Debt Service Funds	3620	
From Capital Projects Funds	3630	2,855,994.00
From Special Revenue Funds	3640	
From Permanent Funds	3660	
From Internal Service Funds	3670	
From Enterprise Funds	3690	
Total Transfers In	3600	2,855,994.00
<i>Transfers Out: (Function 9700)</i>		
To Debt Service Funds	920	
To Capital Projects Funds	930	
To Special Revenue Funds	940	(44,549.48)
To Permanent Funds	960	
To Internal Service Funds	970	
To Enterprise Funds	990	
Total Transfers Out	9700	(44,549.48)
<b>Total Other Financing Sources (Uses)</b>		<b>2,818,670.16</b>
<b>Net Change In Fund Balance</b>		<b>8,874,492.82</b>
Fund Balance, July 1, 2016	2800	13,616,526.17
Adjustments to Fund Balance	2891	
<i>Ending Fund Balance:</i>		
Nonspendable Fund Balance	2710	63,972.51
Restricted Fund Balance	2720	182,476.56
Committed Fund Balance	2730	
Assigned Fund Balance	2740	2,285,285.45
Unassigned Fund Balance	2750	19,959,284.47
Total Fund Balances, June 30, 2017	2700	22,491,018.99

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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - SPECIAL REVENUE**  
**FUNDS - FOOD SERVICES**  
For the Fiscal Year Ended June 30, 2017

Exhibit K-2  
FDOE Page 4  
**Fund 410**

<b>REVENUES</b>	<b>Account</b> <b>Number</b>	
<i>Federal Through State and Local:</i>		
School Lunch Reimbursement	3261	1,898,762.87
School Breakfast Reimbursement	3262	543,375.87
Afterschool Snack Reimbursement	3263	
Child Care Food Program	3264	
USDA-Donated Commodities	3265	189,888.46
Cash in Lieu of Donated Foods	3266	
Summer Food Service Program	3267	21,390.48
Fresh Fruit and Vegetable Program	3268	
Other Food Services	3269	
Federal Through Local	3280	
Miscellaneous Federal Through State	3299	
Total Federal Through State and Local	3200	2,653,417.68
<i>State:</i>		
School Breakfast Supplement	3337	17,543.00
School Lunch Supplement	3338	23,109.00
State Through Local	3380	
Other Miscellaneous State Revenues	3399	
Total State	3300	40,652.00
<i>Local:</i>		
Interest on Investments	3431	20.88
Gain on Sale of Investments	3432	
Net Increase (Decrease) in Fair Value of Investments	3433	
Gifts, Grants and Bequests	3440	
Student Lunches	3451	461,849.43
Student Breakfasts	3452	
Adult Breakfasts/Lunches	3453	
Student and Adult à la Carte Fees	3454	
Student Snacks	3455	
Other Food Sales	3456	
Other Miscellaneous Local Sources	3495	2,427.17
Refunds of Prior Year's Expenditures	3497	
Total Local	3400	464,297.48
<b>Total Revenues</b>	<b>3000</b>	<b>3,158,367.16</b>

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - SPECIAL REVENUE  
FUNDS - FOOD SERVICES (Continued)

For the Fiscal Year Ended June 30, 2017

Exhibit K-2  
FDOE Page 5

Fund 410

EXPENDITURES (Function 7600/9300)	Account Number	
Salaries	100	1,253,636.58
Employee Benefits	200	587,936.06
Purchased Services	300	27,921.41
Energy Services	400	
Materials and Supplies	500	1,308,988.56
Capital Outlay	600	
Other	700	32,088.58
Other Capital Outlay (Function 9300)	600	
<b>Total Expenditures</b>		3,210,571.19
<b>Excess (Deficiency) of Revenues Over Expenditures</b>		(52,204.03)
<b>OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCES</b>		
Loans	3720	
Sale of Capital Assets	3730	
Loss Recoveries	3740	
<i>Transfers In:</i>		
From General Fund	3610	44,549.48
From Debt Service Funds	3620	
From Capital Projects Funds	3630	
Interfund	3650	
From Permanent Funds	3660	
From Internal Service Funds	3670	
From Enterprise Funds	3690	
Total Transfers In	3600	44,549.48
<i>Transfers Out: (Function 9700)</i>		
To General Fund	910	
To Debt Service Funds	920	
To Capital Projects Funds	930	
Interfund	950	
To Permanent Funds	960	
To Internal Service Funds	970	
To Enterprise Funds	990	
Total Transfers Out	9700	0.00
<b>Total Other Financing Sources (Uses)</b>		44,549.48
<b>Net Change in Fund Balance</b>		(7,654.55)
Fund Balance, July 1, 2016	2800	99,952.24
Adjustments to Fund Balance	2891	
<i>Ending Fund Balance:</i>		
Nonspendable Fund Balance	2710	92,297.69
Restricted Fund Balance	2720	
Committed Fund Balance	2730	
Assigned Fund Balance	2740	
Unassigned Fund Balance	2750	
Total Fund Balances, June 30, 2017	2700	92,297.69

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - SPECIAL REVENUE  
FUNDS - OTHER FEDERAL PROGRAMS

For the Fiscal Year Ended June 30, 2017

Exhibit K-3  
FDOE Page 6

Fund 420

REVENUES	Account Number	
<i>Federal Direct:</i>		
Head Start	3130	
Workforce Innovation and Opportunity Act	3170	
Community Action Programs	3180	
Reserve Officers Training Corps (ROTC)	3191	
Pell Grants	3192	535,352.36
Miscellaneous Federal Direct	3199	
Total Federal Direct	3100	535,352.36
<i>Federal Through State and Local:</i>		
Career and Technical Education	3201	146,766.88
Medicaid	3202	
Individuals with Disabilities Education Act (IDEA)	3230	1,565,742.33
<i>Workforce Innovation and Opportunity Act:</i>		
Adult General Education	3221	
English Literacy and Civics Education	3222	
Adult Migrant Education	3223	
Other WIOA Programs	3224	
<i>ESSA - Elementary and Secondary Education Act:</i>		
Elementary and Secondary Education Act - Title I	3240	2,170,415.21
Teacher and Principal Training and Recruiting - Title II, Part A	3225	305,436.97
Math and Science Partnerships - Title II, Part B	3226	
Language Instruction - Title III	3241	21,625.62
Twenty-First Century Schools - Title IV	3242	
Federal Through Local	3280	
Emergency Immigrant Education Program	3293	
Miscellaneous Federal Through State	3299	43,928.28
Total Federal Through State and Local	3200	4,253,915.29
<i>State:</i>		
State Through Local	3380	
Other Miscellaneous State Revenues	3399	
Total State	3300	0.00
<i>Local:</i>		
Interest on Investments	3431	
Gain on Sale of Investments	3432	
Net Increase (Decrease) in Fair Value of Investments	3433	
Gifts, Grants and Bequests	3440	
Adult General Education Course Fees	3461	
Sale of Junk	3493	
Other Miscellaneous Local Sources	3495	
Refunds of Prior Year's Expenditures	3497	
Total Local	3400	0.00
<b>Total Revenues</b>	3000	4,789,267.65

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - OTHER FEDERAL PROGRAMS (Continued)  
 For the Fiscal Year Ended June 30, 2017

Exhibit K-3  
 FDOE Page 7  
 Fund 420

EXPENDITURES	Account Number	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other	Totals
Current:									
Instruction	5000	927,120.80	141,228.49	133,400.77		204,133.40	47,445.08	190,223.09	1,849,851.62
Student Support Services	6100	31,202.38	7,063.24	16,765.25		17,400.94	371.70	121.50	73,023.10
Instructional Media Services	6200								0.00
Instruction and Curriculum Development Services	6300	524,179.84	148,286.11	80,662.17		131,175.97	2,050.27	6,089.31	1,392,443.67
Instructional Staff Training Services	6400	439,866.94	104,808.24	67,450.01		30,513.56	1,821.44	46,648.94	691,189.13
Instruction-Related Technology	6500								0.00
Board	7100								0.00
General Administration	7200							159,695.21	159,695.21
School Administration	7300								0.00
Facilities Acquisition and Construction	7410								0.00
Fiscal Services	7500								0.00
Food Services	7600								0.00
Central Services	7700								0.00
Student Transportation Services	7800								0.00
Operation of Plant	7900								0.00
Maintenance of Plant	8100								0.00
Administrative Technology Services	8200								0.00
Community Services	9100							535,152.36	535,152.36
Capital Outlay:									
Facilities Acquisition and Construction	7420								0.00
Other Capital Outlay	9300						87,712.52		87,712.52
Total Expenditures	9300	2,322,469.96	701,566.09	298,276.23	0.00	363,423.87	139,401.10	844,136.02	4,789,267.65
Excess (Deficiency) of Revenues over Expenditures									
OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCES									
	Account Number								
Loans	2720								
Sale of Capital Assets	2730								
Loss Recoveries	2740								
Transfers In:									
From General Fund	3610								
From Debt Service Funds	3620								
From Capital Projects Funds	3630								
Interfund	3650								
From Permanent Funds	3660								
From Internal Service Funds	3670								
From Enterprise Funds	3690								
Total Transfers In	5600							0.00	
Transfers Out: (Function 9700)									
To the General Fund	910								
To Debt Service Funds	920								
To Capital Projects Funds	930								
Interfund	950								
To Permanent Funds	960								
To Internal Service Funds	970								
To Enterprise Funds	990								
Total Transfers Out	9700							0.00	
Total Other Financing Sources (Uses)								0.00	
Net Change in Fund Balance								0.00	
Fund Balance, July 1, 2016	2800								
Adjustments to Fund Balance	2891								
Grading Fund Balance									
Nonspendable Fund Balance	2710								
Restricted Fund Balance	2720								
Committed Fund Balance	2730								
Assigned Fund Balance	2740								
Unassigned Fund Balance	2750								
Total Fund Balances, June 30, 2017	2760							0.00	

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**DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS  
ARRA RACE TO THE TOP**

For the Fiscal Year Ended June 30, 2017

Exhibit K-4  
FDOE Page 8

**Fund 434**

REVENUES	Account Number	ARRA Race to the Top <b>434</b>
<i>Federal Through State and Local:</i>		
Race to the Top	3214	
Individuals with Disabilities Education Act (IDEA)	3230	
Elementary and Secondary Education Act - Title I	3240	
Federal Through Local	3280	
Miscellaneous Federal Through State	3299	
Total Federal Through State and Local	3200	0.00
<i>State:</i>		
State Through Local	3380	
Other Miscellaneous State Revenues	3399	
Total State	3300	0.00
<i>Local:</i>		
Interest on Investments	3431	
Gain on Sale of Investments	3432	
Net Increase (Decrease) in Fair Value of Investments	3433	
Gifts, Grants and Bequests	3440	
Other Miscellaneous Local Sources	3495	
Refunds of Prior Year's Expenditures	3497	
Total Local	3400	0.00
<b>Total Revenues</b>	<b>3000</b>	<b>0.00</b>

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS-ARRA RACE TO THE TOP (Continued)  
For the Fiscal Year Ended June 30, 2017

Exhibit K-4  
FD06 Page 9  
Fund 434

EXPENDITURES	Account Number	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other	Totals
Current:									
Instruction	5000								0.00
Student Support Services	6100								0.00
Instructional Media Services	6200								0.00
Instruction and Curriculum Development Services	6300								0.00
Instructional Staff Training Services	6400								0.00
Instruction-Related Technology	6500								0.00
Board	7100								0.00
General Administration	7200								0.00
School Administration	7300								0.00
Facilities Acquisition and Construction	7410								0.00
Fiscal Services	7500								0.00
Food Services	7600								0.00
Central Services	7700								0.00
Student Transportation Services	7800								0.00
Operation of Plant	7900								0.00
Maintenance of Plant	8100								0.00
Administrative Technology Services	8200								0.00
Community Services	9100								0.00
Capital Outlay									0.00
Facilities Acquisition and Construction	7420								0.00
Other Capital Outlay	9300								0.00
Total Expenditures		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues over Expenditures									
OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCES	Account Number								
Loans	3720								
Sale of Capital Assets	3730								
Loan Recoveries	3740								
Transfers In:									
From General Fund	3610								
From Debt Service Funds	3620								
From Capital Projects Funds	3630								
Interfund	3650								
From Permanent Funds	3660								
From Internal Service Funds	3670								
From Enterprise In	3690								
Total Transfers In	3690	0.00							
Transfer Out: (Function 9700)									
To the General Fund	910								
To Debt Service Funds	920								
To Capital Projects Funds	930								
Interfund	950								
To Permanent Funds	960								
To Internal Service Funds	970								
To Enterprise Funds	990								
Total Transfers Out	9700	0.00							
Total Other Financing Sources (Uses)									0.00
Net Change in Fund Balance		0.00							
Fund Balance, July 1, 2016	2800								
Adjustments to Fund Balance	2891								
Ending Fund Balance:									
Nonspendable Fund Balance	2710								
Restricted Fund Balance	2720								
Committed Fund Balance	2730								
Assigned Fund Balance	2740								
Unassigned Fund Balance	2750								
Total Fund Balances, June 30, 2017	2700	0.00							

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS - MISCELLANEOUS  
For the Fiscal Year Ended June 30, 2017

Exhibit K-5  
FD06 Page 10  
Fund 490

REVENUES	Account Number								
Federal Through State and Local:									
Federal Through Local	3200								
Total Federal Through State and Local	3200	0.00							
Local:									
Interest on Investments	3431								
Gain on Sale of Investments	3432								
Net Increase (Decrease) in Fair Value of Investments	3433								
Gifts, Grants and Bequests	3440								
Other Miscellaneous Local Sources	3495								
Total Local	3490	0.00							
Total Revenues	3500	0.00							
EXPENDITURES	Account Number	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other	Totals
Current:									
Instruction	5000								0.00
Student Support Services	6100								0.00
Instructional Media Services	6200								0.00
Instruction and Curriculum Development Services	6300								0.00
Instructional Staff Training Services	6400								0.00
Instruction-Related Technology	6500								0.00
Board	7100								0.00
General Administration	7200								0.00
School Administration	7300								0.00
Facilities Acquisition and Construction	7410								0.00
Fiscal Services	7500								0.00
Food Services	7600								0.00
Student Transportation Services	7800								0.00
Operation of Plant	7900								0.00
Maintenance of Plant	8100								0.00
Administrative Technology Services	8200								0.00
Community Services	9100								0.00
Capital Outlay									0.00
Facilities Acquisition and Construction	7420								0.00
Other Capital Outlay	9300								0.00
Total Expenditures		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues over Expenditures									
OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCES	Account Number								
Loan Recoveries	3740								
Transfers In:									
From General Fund	3610								
From Debt Service Funds	3620								
From Capital Projects Funds	3630								
Interfund	3650								
From Permanent Funds	3660								
From Internal Service Funds	3670								
From Enterprise Funds	3690								
Total Transfers In	3690	0.00							
Transfer Out: (Function 9700)									
To General Fund	910								
To Debt Service Funds	920								
To Capital Projects Funds	930								
Interfund	950								
To Permanent Funds	960								
To Internal Service Funds	970								
To Enterprise Funds	990								
Total Transfers Out	9700	0.00							
Total Other Financing Sources (Uses)									0.00
Net Change in Fund Balance		0.00							
Fund Balance, July 1, 2016	2800								
Adjustments to Fund Balance	2891								
Ending Fund Balance:									
Nonspendable Fund Balance	2710								
Restricted Fund Balance	2720								
Committed Fund Balance	2730								
Assigned Fund Balance	2740								
Unassigned Fund Balance	2750								
Total Fund Balances, June 30, 2017	2700	0.00							

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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS**  
For the Fiscal Year Ended June 30, 2017

Exhibit K-6  
FDOL Page 11  
Funds: 200

REVENUES	Account Number	SBE/CORBonds 210	Special Act Bonds 220	Sections 1011.14 and 1011.15, F.S., Loans 230	Motor Vehicle Revenue Bonds 240	District Bonds 250	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299	Totals
<i>Federal:</i>									
Miscellaneous Federal Direct	3199								0.00
Miscellaneous Federal Through State	3299								0.00
<i>State:</i>									
COADS Withheld for SBE/CORBonds	3322	47,093.35							47,093.35
SBE/CORBond Interest	3326	12.85							12.85
Sales Tax Distribution (s. 212.280)(d6.a., F.S.)	3341								0.00
Other Miscellaneous State Revenues	3399								0.00
Total State Sources	3300	47,106.20	0.00	0.00	0.00	0.00	0.00	0.00	47,106.20
<i>Local:</i>									
District Debt Service Taxes	3412								0.00
County Local Sales Tax	3418								0.00
School District Local Sales Tax	3419								0.00
Tax Redemptions	3421								0.00
Payment in Lieu of Taxes	3422								0.00
Excess Fees	3423								0.00
Interest on Investments	3431								0.00
Gain on Sale of Investments	3432								0.00
Net Increase (Decrease) in Fair Value of Investments	3433								0.00
Gifts, Grants and Bequests	3440								0.00
Other Miscellaneous Local Sources	3495								0.00
Impact Fees	3496								0.00
Refunds of Prior Year's Expenditures	3497								0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenues	3000	47,106.20	0.00	0.00	0.00	0.00	0.00	0.00	47,106.20
<b>EXPENDITURES</b>									
<i>Debt Service (Function 9200)</i>									
Redemption of Principal	710	45,000.00					5,090,000.00		5,375,000.00
Interest	720	3,240.00					1,660,490.00		1,664,130.00
Dues and Fees	730	14.90					9,293.43		9,308.29
Miscellaneous	790								0.00
Total Expenditures		48,254.90	0.00	0.00	0.00	0.00	5,360,183.43	0.00	5,408,438.29
Excess (Deficiency) of Revenues Over Expenditures		(1,148.66)	0.00	0.00	0.00	0.00	(5,360,183.43)	0.00	(5,361,332.09)

OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE	Account Number	SBE/CORBonds 210	Special Act Bonds 220	Sections 1011.14 and 1011.15, F.S., Loans 230	Motor Vehicle Revenue Bonds 240	District Bonds 250	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299	Totals
Issuance of Bonds	3710								0.00
Premium on Sale of Bonds	3791								0.00
Discount on Sale of Bonds (Function 9299)	891								0.00
Proceeds of Lease-Purchase Agreements	3750								0.00
Premium on Lease-Purchase Agreements	3793								0.00
Discount on Lease-Purchase Agreements (Function 9299)	893								0.00
Loans	3720								0.00
Proceeds of Forward Supply Contract	3750								0.00
Face Value of Refunding Bonds	3715								0.00
Premium on Refunding Bonds	3792								0.00
Discount on Refunding Bonds (Function 9299)	892								0.00
Payments to Refunded Bonds Escrow Agent (Function 9299)	761								0.00
Refunding Lease-Purchase Agreements	3755								0.00
Premium on Refunding Lease-Purchase Agreements	3794								0.00
Discount on Refunding Lease-Purchase Agments (Function 9299)	894								0.00
Payments to Refunded Lease-Purchase Escrow Agent (Function 9299)	762								0.00
<i>Transfers In (Function 9700)</i>									
From General Fund	3610								0.00
From Capital Projects Funds	3630						5,353,987.81		5,353,987.81
From Special Revenue Funds	3640								0.00
Interfund	3650								0.00
From Permanent Funds	3660								0.00
From Internal Service Funds	3670								0.00
From Enterprise Funds	3690								0.00
Total Transfers In	3600	0.00	0.00	0.00	0.00	0.00	5,353,987.81	0.00	5,353,987.81
<i>Transfers Out (Function 9700)</i>									
To General Fund	910								0.00
To Capital Projects Funds	920								0.00
To Special Revenue Funds	940								0.00
Interfund	950								0.00
To Permanent Funds	960								0.00
To Internal Service Funds	970								0.00
To Enterprise Funds	990								0.00
Total Transfers Out	9700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Financing Sources (Uses)		0.00	0.00	0.00	0.00	0.00	5,353,987.81	0.00	5,353,987.81
Net Change in Fund Balances		(1,148.66)	0.00	0.00	0.00	0.00	(6,195.62)	0.00	(7,344.28)
Fund Balance, July 1, 2016	2800	1,663.01					90,965.50		101,628.51
Adjustments to Fund Balances	2891								0.00
<i>Ending Fund Balance:</i>									
Nonspendable Fund Balance	2710								0.00
Restricted Fund Balance	2720	514.35					93,769.88		94,284.23
Committed Fund Balance	2730								0.00
Assigned Fund Balance	2740								0.00
Unassigned Fund Balance	2750								0.00
Total Fund Balances, June 30, 2017	2700	514.35	0.00	0.00	0.00	0.00	93,769.88	0.00	94,284.23

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - PERMANENT FUNDS  
For the Fiscal Year Ended June 30, 2017

Exhibit E-4  
FD002 Page 14  
Fund 999

REVENUES	Account Number									
Interest Earnings	2100									
Interest Through State and Local	2200									
State Revenues	3300									
Local Revenues	3400									
<b>Total Revenues</b>	<b>3000</b>	<b>100</b>	<b>0.00</b>							
EXPENDITURES	Account Number									
Current										
Instruction	5100									0.00
Student Support Services	6100									0.00
Instructional Media Services	6200									0.00
Instruction and Curriculum Development Services	6300									0.00
Instructional Staff Training Services	6400									0.00
Instruction-Related Technology	6500									0.00
Special	7100									0.00
General Administration	7200									0.00
School Administration	7300									0.00
Facilities Acquisition and Construction	7410									0.00
Facilities Services	7500									0.00
Central Services	7600									0.00
Student Transportation Services	7800									0.00
Operation of Plant	7900									0.00
Maintenance of Plant	8100									0.00
Administration Technology Services	8200									0.00
Community Services	9100									0.00
Capital Outlay										
Facilities Acquisition and Construction	7420									0.00
Other Capital Outlay	9300									0.00
Debt Service - (Function 9300)										
Interest on Principal	720									0.00
Interest	720									0.00
<b>Total Expenditures</b>										<b>0.00</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>										<b>0.00</b>
OTHER FINANCING SOURCES (USES) and CHANGES IN FUND BALANCES	Account Number									
Gifts of Capital Assets	1710									
Loan Reimbursements	1740									
Transfers In:										
From General Fund	3610									
From Debt Service Funds	3620									
From Capital Projects Funds	3630									
From Special Revenue Funds	3640									
From Internal Service Funds	3670									
From Enterprise Funds	3690									
Total Transfers In	3600									0.00
Transfers Out - (Function 9700)										
To General Fund	910									
To Debt Service Funds	920									
To Capital Projects Funds	930									
To Special Revenue Funds	940									
To Internal Service Funds	970									
To Enterprise Funds	990									
Total Transfers Out	9700									0.00
<b>Total Other Financing Sources (Uses)</b>										<b>0.00</b>
<b>Net Change in Fund Balance</b>										<b>0.00</b>
Fund Balance, July 1, 2016	2600									
Adjustments to Fund Balance	2801									
Outlay Fund Balance										
Nonexpendable Fund Balance	2710									
Restricted Fund Balance	2720									
Committed Fund Balance	2730									
Assigned Fund Balance	2740									
Unassigned Fund Balance	2750									
<b>Total Fund Balance, June 30, 2017</b>	<b>2700</b>									<b>0.00</b>

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

Exhibit E-5  
FD002 Page 15  
Funds 998

INCOME OR (LOSS)	Account Number	Self-Insurance - Consortium	Self-Insurance - Consortium	Self-Insurance - Consortium	Self-Insurance - Consortium	ARBA - Consortium	Other Enterprise Programs	Other Enterprise Programs	Totals
<b>OPERATING REVENUES</b>		<b>911</b>	<b>912</b>	<b>913</b>	<b>914</b>	<b>915</b>	<b>921</b>	<b>922</b>	
Charges for Services	2401								0.00
Charges for Sales	2402								0.00
Premium Revenue	2404								0.00
Other Operating Revenues	2407								0.00
<b>Total Operating Revenues</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>OPERATING EXPENSES (Function 9900)</b>									
Salaries	100								0.00
Employee Benefits	200								0.00
Purchased Services	300								0.00
Contract Services	400								0.00
Materials and Supplies	500								0.00
Capital Outlay	600								0.00
Other	700								0.00
Depreciation and Amortization Expense	720								0.00
<b>Total Operating Expenses</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Operating Income (Loss)</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Interest on Investments	2421								0.00
Gain on Sale of Investments	2422								0.00
Net Income (Expense) in Fair Value of Investments	2423								0.00
Gifts, Grants and Bequests	2440								0.00
Other Miscellaneous Local Revenues	2495								0.00
Loan Reimbursements	1740								0.00
Gain on Disposition of Assets	1760								0.00
Interest (Function 9900)	720								0.00
Loss (Expense) (Function 9900)	720								0.00
Loss on Disposition of Assets (Function 9900)	810								0.00
<b>Total Nonoperating Revenues (Expenses)</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Income (Loss) Before Operating Transfers</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TRANSFERS IN and CHANGES IN NET POSITION</b>									
Transfers In:									
From General Fund	3610								0.00
From Debt Service Funds	3620								0.00
From Capital Projects Funds	3630								0.00
From Special Revenue Funds	3640								0.00
Interfund	3670								0.00
From Enterprise Funds	3690								0.00
From Internal Service Funds	3670								0.00
Total Transfers In	3600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers Out - (Function 9700)									
To General Fund	910								0.00
To Debt Service Funds	920								0.00
To Capital Projects Funds	930								0.00
To Special Revenue Funds	940								0.00
Interfund	970								0.00
To Enterprise Funds	990								0.00
To Internal Service Funds	970								0.00
Total Transfers Out	9700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Position, July 1, 2016	2800								0.00
Adjustments to Net Position	2896								0.00
<b>Net Position, June 30, 2017</b>	<b>2700</b>								<b>0.00</b>

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

Exhibit K-10  
FD06 Page 16  
Fund 700

INCOME OR (LOSS)	Account Number	Self-Insurance 711	Self-Insurance 712	Self-Insurance 713	Self-Insurance 714	Self-Insurance 715	Commutation Programs 721	Other Internal Service 791	Totals
<b>OPERATING REVENUES</b>									
Charges for Services	3481								0.00
Charges for Rents	3482								0.00
Premium Revenue	3484								0.00
Other Operating Revenues	3489								0.00
<b>Total Operating Revenues</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>OPERATING EXPENSES (Function 990)</b>									
Salaries	100								0.00
Employee Benefits	200								0.00
Purchased Services	300								0.00
Energy Services	400								0.00
Maintenance and Supplies	400								0.00
Capital Outlay	600								0.00
Other	700								0.00
Depreciation and Amortization Expenses	700								0.00
<b>Total Operating Expenses</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Operating Income (Loss)</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Interest on Investments	3471								0.00
Gains on Sale of Investments	3472								0.00
Net Income (Decrease) in Fair Value of Investments	3473								0.00
Gifts, Grants and Bequests	3480								0.00
Other Miscellaneous Local Sources	3495								0.00
Loss Recoveries	3740								0.00
Gains on Disposition of Assets	3750								0.00
Interest (Function 990)	720								0.00
Miscellaneous (Function 990)	730								0.00
Loss on Disposition of Assets (Function 990)	810								0.00
<b>Total Nonoperating Revenues (Expenses)</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Income (Loss) Before Operating Transfers</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TRANSFERS and CHANGES IN NET POSITION</b>									
Transfers to:									
From General Fund	3610								0.00
From Debt Service Funds	3620								0.00
From Capital Projects Funds	3630								0.00
From Special Revenue Funds	3640								0.00
Interfund	3650								0.00
From Permanent Funds	3660								0.00
From Enterprise Funds	3670								0.00
<b>Total Transfers to</b>	3690	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from: (Function 9700)									
To General Fund	910								0.00
To Debt Service Funds	920								0.00
To Capital Projects Funds	930								0.00
To Special Revenue Funds	940								0.00
Interfund	950								0.00
To Permanent Funds	960								0.00
To Enterprise Funds	970								0.00
<b>Total Transfers from</b>	9700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Position, July 1, 2016	2090								0.00
Adjustments to Net Position	2096								0.00
Net Position, June 30, 2017	2780								0.00

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
SCHOOL INTERNAL FUNDS  
June 30, 2017

Exhibit K-11  
FD0E Page 17  
Fund 891

ASSETS	Account Number	Beginning Balance July 1, 2016	Additions	Deductions	Ending Balance June 30, 2017
Cash	1110	941,982.00	2,903,402.00	2,833,953.00	1,011,431.00
Investments	1160	26,538.00	53.00		26,591.00
Accounts Receivable, Net	1131	6,203.00			6,203.00
Interest Receivable on Investments	1170				0.00
Due From Budgetary Funds	1141				0.00
Due From Other Agencies	1220				0.00
Inventory	1150				0.00
<b>Total Assets</b>		974,723.00	2,903,455.00	2,833,953.00	1,044,225.00
<b>LIABILITIES</b>					
Cash Overdraft	2125				0.00
Accrued Salaries and Benefits	2110				0.00
Payroll Deductions and Withholdings	2170				0.00
Accounts Payable	2120	413.00		413.00	0.00
Internal Accounts Payable	2290	974,310.00		974,310.00	0.00
Due to Budgetary Funds	2161				0.00
<b>Total Liabilities</b>		974,723.00	0.00	974,723.00	0.00

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF LONG-TERM LIABILITIES  
June 30, 2017

Exhibit K-12  
FD00E Page 18  
Fund 001

	Account Number	Governmental Activities Total Balance [1] June 30, 2017	Business-Type Activities Total Balance [1] June 30, 2017	Total	Governmental Activities - Debt Principal Payments 2016-17	Governmental Activities - Principal Due Within One Year 2017-18	Governmental Activities - Debt Interest Payments 2016-17	Governmental Activities - Interest Due Within One Year 2017-18
Notes Payable	2310			0.00				
Obligations Under Capital Leases	2315			0.00				
Bonds Payable								
SBE/COBI Bonds Payable	2321	23,713.33		23,713.33	45,000.00	17,000.00	3,340.00	1,349.37
District Bonds Payable	2322			0.00				
Special Act Bonds Payable	2323			0.00				
Motor Vehicle License Revenue Bonds Payable	2324			0.00				
Sales Tax/Net Bonds Payable	2326			0.00				
Total Bonds Payable	2320	23,713.33	0.00	23,713.33	45,000.00	17,000.00	3,340.00	1,349.37
Liability for Compensated Absences	2330	4,715,114.00		4,715,114.00				
Lease-Purchase Agreements Payable								
Certificates of Participation (COPS) Payable	2341	35,171,400.61		35,171,400.61	3,600,000.00	3,825,000.00	1,660,890.00	1,524,102.00
Qualified Zone Academy Bonds (QZAB) Payable	2342			0.00				
Qualified School Construction Bonds (QSCB) Payable	2343			0.00				
Build America Bonds (BABs) Payable	2344			0.00				
Other Lease-Purchase Agreements Payable	2349			0.00				
Total Lease-Purchase Agreements Payable	2340	35,171,400.61	0.00	35,171,400.61	3,600,000.00	3,825,000.00	1,660,890.00	1,524,102.00
Estimated Liability for Long-Term Claims	2350			0.00				
Net Other Postemployment Benefits Obligation	2360	4,216,178.00		4,216,178.00				
Net Pension Liability	2365	43,431,264.00		43,431,264.00				
Estimated PECO Advance Payable	2370			0.00				
Other Long-Term Liabilities	2380			0.00				
Derivative Instrument	2390			0.00				
<b>Total Long-term Liabilities</b>		<b>87,559,669.94</b>	<b>0.00</b>	<b>87,559,669.94</b>	<b>3,735,000.00</b>	<b>3,842,000.00</b>	<b>1,664,130.00</b>	<b>1,525,351.37</b>

[1] Report carrying amount of total liability due within one year and due after one year on June 30, 2017, including discounts and premiums.

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF CATEGORICAL PROGRAMS  
REPORT OF EXPENDITURES AND AVAILABLE FUNDS  
For the Fiscal Year Ended June 30, 2017

Exhibit K-13  
FD00E Page 19

CATEGORICAL PROGRAMS (Revenue Number) [Footnote]	Grant Number	Unexpended June 30, 2016	Returned To FDOE	Revenues [1] 2016-17	Expenditures 2016-17	Flexibility [2] 2016-17	Unexpended June 30, 2017
Class Size Reduction Operating Funds (3355)	94740			9,359,723.00	9,359,723.00		0.00
Excellent Teaching Program (3363)	90570						0.00
Florida Digital Classrooms (FEFP Earmark)	98250	189,295.70		639,929.00	756,641.08		72,583.62
Florida School Recognition Funds (3361)	92040	15,950.20		376,109.00	375,795.77		16,263.43
Instructional Materials (FEFP Earmark) [3]	90880	171,560.79		796,572.00	945,116.28		23,025.51
Library Media (FEFP Earmark) [3]	90881	10,787.83		44,912.00	40,011.04		15,688.79
Preschool Projects (3372)	97950						0.00
Research-Based Reading Instruction (FEFP Earmark) [4]	90800	32,246.74		474,117.00	458,361.61		48,002.13
Safe Schools (FEFP Earmark) [5]	90803			229,577.00	229,577.00		0.00
Salary Bonus Outstanding Teachers in D and F Schools	94030	2,704.00			0.00		2,704.00
Student Transportation (FEFP Earmark)	90830						0.00
Supplemental Academic Instruction (FEFP Earmark) [4]	91280			1,509,558.00	1,509,558.00		0.00
Teachers Classroom Supply Assistance (FEFP Earmark)	97580	576.03		145,122.00	141,488.95		4,299.08
Voluntary Prekindergarten - School Year Program (3371)	96440			606,226.48	606,226.48		0.00
Voluntary Prekindergarten - Summer Program (3371)	96441						0.00

[1] Include both state and local revenue sources.

[2] Report the amount of funds transferred from each program to maintain board-specified academic classroom instruction.

[3] Report the Library Media portion of the Instructional Materials allocation on the line "Library Media."

[4] Expenditures for designated low-performing elementary schools should be included in expenditures.

[5] Combine all programs funded from the Safe Schools allocation on one line, "Safe Schools."

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF SELECTED SUBOBJECT EXPENDITURES  
For the Fiscal Year Ended June 30, 2017

Exhibit K-14  
FDOE Page 20

	Subobject	General Fund 100	Special Revenue Food Services 410	Special Revenue Other Federal Programs 420	Special Revenue ARRA Race to the Top 434	Total
<b>UTILITIES AND ENERGY SERVICES EXPENDITURES:</b>						
<b>Public Utility Services Other than Energy - All Functions</b>	<b>380</b>	<b>403,766.43</b>				<b>403,766.43</b>
Public Utility Services Other than Energy - <i>Functions 7900 &amp; 8100</i>	380	403,766.43				403,766.43
<b>Natural Gas - All Functions</b>	<b>411</b>					<b>0.00</b>
Natural Gas - <i>Functions 7900 &amp; 8100</i>	411					0.00
<b>Bottled Gas - All Functions</b>	<b>421</b>					<b>0.00</b>
Bottled Gas - <i>Functions 7900 &amp; 8100</i>	421					0.00
<b>Electricity - All Functions</b>	<b>430</b>	<b>1,834,206.30</b>				<b>1,834,206.30</b>
Electricity - <i>Functions 7900 &amp; 8100</i>	430	1,834,206.30				1,834,206.30
<b>Heating Oil - All Functions</b>	<b>440</b>					<b>0.00</b>
Heating Oil - <i>Functions 7900 &amp; 8100</i>	440					0.00
<b>Gasoline - All Functions</b>	<b>450</b>	<b>96,174.99</b>				<b>96,174.99</b>
Gasoline - <i>Functions 7900 &amp; 8100</i>	450	0.00				0.00
<b>Other Energy Services - All Functions</b>	<b>490</b>					<b>0.00</b>
Other Energy Services - <i>Functions 7900 &amp; 8100</i>	490					0.00
<b>Subtotal - Functions 7900 &amp; 8100</b>		<b>2,237,972.73</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,237,972.73</b>
<b>Total - All Functions</b>		<b>2,334,147.72</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,334,147.72</b>
<b>ENERGY EXPENDITURES FOR STUDENT TRANSPORTATION: (Function 7800 only)</b>						
Compressed Natural Gas	412					0.00
Liquefied Petroleum Gas	422					0.00
Gasoline	450	96,174.99				96,174.99
Diesel Fuel	460	416,750.43				416,750.43
Oil and Grease	540					0.00
<b>Total</b>		<b>512,925.42</b>		<b>0.00</b>	<b>0.00</b>	<b>512,925.42</b>

	Subobject	General Fund 100	Special Revenue Other Federal Programs 420	Special Revenue ARRA Race to the Top 434	Capital Projects Funds 3XX	Total
<b>EXPENDITURES FOR SCHOOL BUSES AND SCHOOL BUS REPLACEMENTS:</b>						
Buses	651				1,562,727.00	1,562,727.00

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF SELECTED SUBOBJECT EXPENDITURES  
For the Fiscal Year Ended June 30, 2017

Exhibit K-14  
FDOE Page 21

	Subobject	General Fund 100	Special Revenue Food Services 410	Special Revenue Other Federal Programs 420	Special Revenue ARRA Race to the Top 434	Total
<b>SUBAWARDS FOR INDIRECT COST RATE:</b>						
<i>Professional and Technical Services:</i>						
Subawards Under Subagreements - First \$25,000	311	367,664.50		25,000.00		392,664.50
Subawards Under Subagreements - In Excess of \$25,000	312	173,270.50		23,592.00		196,862.50
<i>Other Purchased Services:</i>						
Subawards Under Subagreements - First \$25,000	391					0.00
Subawards Under Subagreements - In Excess of \$25,000	392					0.00

	Subobject	Special Revenue Food Services 410
<b>FOOD SERVICE SUPPLIES SUBOBJECT</b>		
Supplies	510	79,109.71
Food	570	1,091,680.71
Donated Foods	580	138,198.14

	Subobject	General Fund 100	Special Revenue Other Federal Programs 420	Special Revenue ARRA Race to the Top 434	Total
<b>Teacher Salaries</b>					
Basic Programs 101, 102 and 103 (Function 5100)	120	22,020,397.54	54,493.61		22,074,891.15
Basic Programs 101, 102 and 103 (Function 5100)	140				0.00
Basic Programs 101, 102 and 103 (Function 5100)	750	404,336.08	187,626.00		591,962.08
<b>Total Basic Program Salaries</b>		<b>22,424,733.62</b>	<b>242,119.61</b>	<b>0.00</b>	<b>22,666,853.23</b>
Other Programs 130 (ESOL) (Function 5100)	120				0.00
Other Programs 130 (ESOL) (Function 5100)	140				0.00
Other Programs 130 (ESOL) (Function 5100)	750				0.00
<b>Total Other Program Salaries</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
ESE Programs 111, 112, 113, 254 and 255 (Function 5200)	120	2,159,565.23	26,846.39		2,186,411.62
ESE Programs 111, 112, 113, 254 and 255 (Function 5200)	140				0.00
ESE Programs 111, 112, 113, 254 and 255 (Function 5200)	750	48,171.53	3,774.06		51,945.61
<b>Total ESE Program Salaries</b>		<b>2,207,736.76</b>	<b>30,620.47</b>	<b>0.00</b>	<b>2,238,357.23</b>
Career Program 300 (Function 5300)	120	1,049,797.04			1,049,797.04
Career Program 300 (Function 5300)	140				0.00
Career Program 300 (Function 5300)	750	7,282.15			7,282.15
<b>Total Career Program Salaries</b>		<b>1,057,079.19</b>	<b>0.00</b>	<b>0.00</b>	<b>1,057,079.19</b>
<b>TOTAL</b>		<b>25,689,549.57</b>	<b>272,740.08</b>	<b>0.00</b>	<b>25,962,289.65</b>

	Subobject	General Fund 100	Special Revenue Other Federal Programs 420	Special Revenue ARRA Race to the Top 434	Total
<b>Textbooks (used for classroom instruction)</b>					
Textbooks (Function 5000)	520	611,882.19			611,882.19

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SPECIFIC ACADEMIC CLASSROOM INSTRUCTION AND OTHER DATA COLLECTION  
For the Fiscal Year Ended June 30, 2017

Exhibit K-14  
FD0E Page 22

CATEGORICAL FLEXIBLE SPENDING - GENERAL FUND EXPENDITURES	Account Number	Safe Schools	Student Transportation	Supplemental Academic Instruction	Research-Based Reading Instruction	Instructional Materials	Instructional Materials / Library Media	Totals
Instruction:								
Basic	5100							0.00
Exceptional	5200							0.00
Career Education	5300							0.00
Adult General	5400							0.00
Prekindergarten	5500							0.00
Other Instruction	5900							0.00
<b>Total Flexible Spending Instructional Expenditures</b>	5000	0.00	0.00	0.00	0.00	0.00	0.00	0.00

DISTRIBUTIONS TO CHARTER SCHOOLS (Charter school information is used in federal reporting)	Fund Number	Direct Payment (Object 393)	Amount Withheld for Administration	Payments and Services on Behalf of Charter Schools	Total Amount
Expenditures:					
General Fund	100	4,252,647.97	119,151.06		4,371,799.03
Special Revenue Funds - Food Service	410				0.00
Special Revenue Funds - Other Federal Programs	420			44,888.38	44,888.38
Special Revenue Funds - AERA Race to the Top	434				0.00
Capital Projects Funds	33X				0.00
<b>Total Charter School Distributions</b>		4,252,647.97	119,151.06	44,888.38	4,416,687.41

LIFELONG LEARNING (Lifelong Learning expenditures are used in federal reporting)	Account Number	Amount
Expenditures:		
General Fund	5900	71,698.79
Special Revenue Funds - Other Federal Programs	5900	56,670.34
Special Revenue Funds - AERA Race to the Top	5900	
<b>Total</b>	5900	78,279.10

MEDICAID EXPENDITURE REPORT (Medicaid expenditures are used in federal reporting)	Unexpended June 30, 2016	Earnings 2016-17	Expenditures 2016-17	Unexpended June 30, 2017
Earnings, Expenditures and Carryforward Amounts:	21,987.24	392,587.40	112,605.80	301,968.84
Expenditure Program or Activity:				
Exceptional Student Education				
School Nurses and Health Care Services				
Occupational Therapy, Physical Therapy and Other Therapy Services			26,621.79	
ESE Professional and Technical Services			25,797.73	
Gifted Student Education				
Staff Training and Curriculum Development			39,676.27	
Medicaid Administration and Billing Services			21,150.00	
Student Services				
Counselors				
Other				
<b>Total Expenditures</b>			112,605.80	

General Fund Balance Sheet Information (This information is used in state reporting)	Fund Number	Amount
Balance Sheet Amount, June 30, 2017:		
Total Assets and Deferred Outflows of Resources	100	24,927,159.20
Total Liabilities and Deferred Inflows of Resources	100	2,436,140.51

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
VOLUNTARY PREKINDERGARTEN (VPK) PROGRAM  
For the Fiscal Year Ended June 30, 2017

Exhibit K-15  
FD0E Page 23

VOLUNTARY PREKINDERGARTEN PROGRAM (1) GENERAL FUND EXPENDITURES	Account Number	100 Salaries	200 Employee Benefits	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other	Totals
Current:									
Prekindergarten	5000	809,022.84	270,185.24			2,830.00		8,848.46	1,091,706.54
Student Support Services	6100								0.00
Instructional Media Services	6200								0.00
Instruction and Curriculum Development Services	6300								0.00
Instructional Staff Training Services	6400								0.00
Instruction-Related Technology	6500								0.00
Board	7100								0.00
General Administration	7200								0.00
School Administration	7300								0.00
Facilities Acquisition and Construction	7410								0.00
Food Services	7500								0.00
Food Services	7600								0.00
Control Services	7700								0.00
Student Transportation Services	7800								0.00
Operation of Plant	7900								0.00
Maintenance of Plant	8100								0.00
Administrative Technology Services	8200								0.00
Community Services	8300								0.00
Capital Outlay									
Facilities Acquisition and Construction	7420								0.00
Other Capital Outlay	9100								0.00
SW Services - Function V-100									0.00
Redemption of Principal	710								0.00
Interest	720								0.00
<b>Total Expenditures</b>		809,022.84	270,185.24	0.00	0.00	2,830.00	0.00	8,848.46	1,091,706.54

[1] Include expenditures for the summer program (section 1002.61, F.S.) and the school-year program (section 1002.63, F.S.).

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### FINANCIAL HIGHLIGHTS

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

- As of June 30, 2017, governmental activities assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by \$170,533,192.41.
- In total, net position increased \$14,930,285.16, which represents a 9.6 percent increase over the 2016-17 fiscal year.
- General revenues total \$108,718,967 or 95.7 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$5,159,773, or 4.5 percent of all revenues.
- Expenses total \$98,948,454. Only \$5,159,773 of these expenses was offset by program specific charges, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$22,491,018.99, which is \$8,874,492.82 more than the prior fiscal year balance. The General Fund assigned and unassigned fund balances totaled \$22,244,569.92, or 27.1 percent of total General Fund revenues, while restricted and non-spendable fund balances totaled \$246,449.07.
- The total liabilities increased by \$10,165,647.04, or 12.5 percent, resulting primarily from pension activity per Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

### OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

#### **Government-wide Financial Statements**

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

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

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 categorical education and education finance program provide most of the resources that support these activities.
- **Component units** – The District presents two separate legal entities in this report. The Seaside School, Inc., and Walton Academy, a division of Walton Academy, Inc., are legally separate organizations and component units that are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.

The Walton County Public Education Finance Authority Inc. (Authority), although also a legally separate entity, was formed to facilitate financing of the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Authority, the Authority has been included 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, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, 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.

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

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

#### **Notes to Financial Statements**

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

#### **Other Information**

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

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2017, compared to net position as of June 30, 2016:

#### Net Position, End of Year

Net Position, End of Year		
<u>Governmental Activities</u>		
	<u>6/30/17</u>	<u>6/30/16</u>
Current and Other Assets	47,793,481.06	43,528,893.81
Capital Assets	199,233,375.53	190,858,799.82
<b>Total Assets</b>	<b>247,026,856.59</b>	<b>234,387,693.63</b>
Deferred Outflows of Resources	16,699,839.79	7,131,176.92
Long-Term Liabilities	87,558,499.94	75,916,994.24
Other Liabilities	3,983,586.40	5,459,445.06
<b>Total Liabilities</b>	<b>91,542,086.34</b>	<b>81,376,439.30</b>
Deferred Inflows of Resources	1,651,417.63	4,539,524.00
Net Position:		
Net Investment in Capital Assets	164,093,998.75	153,215,111.29
Restricted	23,777,710.42	23,276,859.91
Unrestricted (Deficit)	(17,338,516.76)	(20,889,063.95)
<b>Total Net Position</b>	<b>170,533,192.41</b>	<b>155,602,907.25</b>

The largest portion of the District's net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources used to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit unrestricted net position was the result, in part, of accruing \$4,717,114 in compensated absences payable, \$4,216,178 in other postemployment benefit obligations, and \$43,431,264 in net pension liability.

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

### Operating Results for the Fiscal Year Ended

Governmental Activities			
	6/30/2017	6/30/2016	
Program Revenues:			
Charges for Services	\$ 1,677,272.37	\$ 1,725,518.18	
Operating Grants and Contributions	2,694,069.68	2,742,480.12	
Capital Grants and Contributions	788,430.53	550,537.77	
General Revenues:			
Property Taxes, Levied for Operational Purposes	62,064,669.68	58,048,540.08	
Property Taxes, Levied for Capital Projects	22,769,118.36	20,448,088.78	
Grants and Contributions Not Restricted to Specific Programs	20,676,260.55	20,391,086.15	
Unrestricted Investment Earnings	299,615.85	74,345.17	
Miscellaneous	2,909,302.55	961,680.41	
<b>Total Revenues</b>	<b>113,878,739.57</b>	<b>104,942,276.66</b>	
Functions/Program Expenses:			
Instruction	50,033,356.38	44,153,575.09	
Student Personnel Services	2,562,768.62	2,442,873.89	
Instructional Media Services	965,459.63	925,520.41	
Instruction and Curriculum Development	2,440,402.99	2,436,266.51	
Instructional Staff Training Services	1,520,305.83	1,298,380.45	
Instructional-Related Technology	1,427,122.72	1,069,053.81	
Board	433,418.61	408,376.03	
General Administration	435,416.33	395,461.87	
School Administration	5,549,381.68	4,680,174.77	
Facilities Acquisition and Construction	3,538,025.91	379,492.27	
Fiscal Services	522,492.76	1,250,254.79	
Food Services	3,227,019.92	3,262,098.09	
Central Services	736,585.36	730,611.68	
Student Transportation Services	6,038,180.64	5,473,637.49	
Operation of Plant	8,176,085.06	7,749,775.11	
Maintenance of Plant	1,893,301.81	1,980,801.08	
Administrative Technology Services	445,024.93	272,796.28	
Community Services	1,001,098.67	902,155.91	
Unallocated Interest on Long-Term Debt	1,678,287.21	1,655,638.77	
Unallocated Depreciation Expense	6,324,719.35	5,570,732.49	
Loss on Disposal of Capital Assets	-	-	
<b>Total Functions/Program Expenses</b>	<b>98,948,454.41</b>	<b>87,037,676.79</b>	
<b>Change in Net Position</b>	<b>14,930,285.16</b>	<b>17,904,599.87</b>	
Net Position, Beginning of Year	155,602,907.25	137,698,307.38	
<b>Net Position - Ending</b>	<b>\$ 170,533,192.41</b>	<b>\$ 155,602,907.25</b>	

The District's results of operations showed an increase in net position of \$14,930,285.16 for the 2016-17 fiscal year, compared to an increase of \$17,904,599.87 for the preceding fiscal year. Total revenues increased by \$8,444,613.48, or 8.04 percent for the 2016-17 fiscal year. This change is attributed in part, to an increase in property tax collections for operations and capital projects of \$6,337,159.18, or 8.07 percent, due to increases in the property values. Overall, property taxes account for 74.8 percent of total governmental activities revenues.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

#### Governmental Funds

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

The total fund balances of governmental funds increased by \$5,727,856.29 during the fiscal year to \$43,736,994.89 at June 30, 2017. Approximately 45.63 percent of this amount is unassigned fund balance totaling \$19,959,284.47, which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable, restricted, or assigned to indicate that it is (1) not in spendable form (\$156,270.20), (2) restricted for particular purposes (\$21,336,154.77), or (3) assigned for particular purposes (\$2,285,285.45).

#### Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$19,959,284.47, while the total fund balance is \$22,491,018.99. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 24 percent of the total General Fund revenues, while total fund balance represents 27 percent of total General Fund revenues.

The General Fund balance increased by \$8,628,043.75 during the fiscal year. The key factor impacting the change in fund balance is an increase in the property values which resulted in increased tax revenues of \$4,016,129.60.

The Local Capital Improvement (LCI) Fund has a total fund balance of \$20,493,149.41. These funds are restricted for the acquisition, construction, and maintenance of capital assets.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2016-7 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues of \$1,418,520, or 1.8 percent. At the same time, final appropriations are more than the original budgeted amounts by \$1,551,971. Budget revisions occurred primarily from changes in estimated local miscellaneous revenue and corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

Actual revenues are in line with the final budgeted amounts while actual expenditures are \$5,452,157, or 6.7 percent, less than final budget amounts. The decrease in expenditures was primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$8,972,146.

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

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2017, is \$199,233,375.53 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and computer software. The total increase in capital assets for the current fiscal year was \$8,374,575.71, or 4.4 percent.

Major capital asset events included the following:

- Construction projects completed during the fiscal year include:
  - Walton Middle School
  - Freeport Transportation Facility (Phase 1),
- At June 30, 2017, construction projects in progress include:
  - New Elementary School (un-named located in South Walton)
  - Additional Classrooms at South Walton High School
  - Walton Athletic Project

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

Long-Term Debt

At June 30, 2017, the District has total long-term debt outstanding of \$35,191,544.20, composed of \$20,143.59, of bonds payable and \$35,171,400.61 of certificates of participation payable. During the current fiscal year, retirement of debt was \$4,096,593.04.

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

OTHER MATTERS OF SIGNIFICANCE

The enrollment projections for the District indicate an increase of 329 unweighted full-time equivalent students during the 2017-18 fiscal year, which will increase State revenue by approximately 2 percent.

Employer contributions to the Florida Retirement System increased for regular employees from 7.52 to 7.92 percent of payroll for the 2017-18 fiscal year.

Housing prices are expected to increase the taxable assessed value for the 2017-18 fiscal year, continuing a recovery trend consistent with the State of Florida.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Walton County District School Board, 145 Park Street, Suite 3, DeFuniak Springs, Florida 32435.

	Account Number	Primary Government		Total	Component Units		Total Nonmajor Component Units
		Governmental Activities	Business-Type Activities		Major Component Unit Name	Major Component Unit Name	
<b>ASSETS</b>							
Cash and Cash Equivalents	1110	46,873,865.26		46,873,865.26	0.00	0.00	2,430,955.00
Investments	1160	514.53		514.53	0.00	0.00	44,760.00
Loans Receivable, Net	1200	0.00		0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	230,443.62		230,443.62	0.00	0.00	150,097.00
Interest Receivable on Investments	1170	0.00		0.00	0.00	0.00	0.00
Due From Other Agencies	1220	475,337.44		475,337.44	0.00	0.00	13,370.00
Due From Insurer	1180	0.00		0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00		0.00	0.00	0.00	5,621.00
Internal Balances	1114	0.00		0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00		0.00	0.00	0.00	0.00
Section 1011.13, F.S. Loan Proceeds	1420	0.00		0.00	0.00	0.00	0.00
Investments	1190	106,250.20		106,250.20	0.00	0.00	0.00
Prepaid Items	1230	37,050.14		37,050.14	0.00	0.00	26,675.00
Long-Term Investments	1460	0.00		0.00	0.00	0.00	0.00
Fiduciary Insurance Costs	1430	0.00		0.00	0.00	0.00	0.00
Other Postemployment Benefits Asset	1410	0.00		0.00	0.00	0.00	0.00
Prepaid Asset	1415	0.00		0.00	0.00	0.00	0.00
<b>Capital Assets</b>							
Land	1310	9,237,087.21		9,237,087.21	0.00	0.00	829,411.00
Land Improvements - Nondepreciable	1313	488,706.70		488,706.70	0.00	0.00	0.00
Construction in Progress	1360	7,844,848.94		7,844,848.94	0.00	0.00	0.00
Nondepreciable Capital Assets	1370	17,570,642.85	0.00	17,570,642.85	0.00	0.00	829,411.00
Improvements Other Than Buildings	1320	7,536,206.70		7,536,206.70	0.00	0.00	324,631.00
Less Accumulated Depreciation	1372	(4,409,025.42)		(4,409,025.42)	0.00	0.00	(111,841.00)
Buildings and Fixed Equipment	1330	277,426,861.42		277,426,861.42	0.00	0.00	1,697,433.00
Less Accumulated Depreciation	1335	(56,777,143.54)		(56,777,143.54)	0.00	0.00	(815,707.00)
Furniture, Fixtures and Equipment	1340	17,153,973.26		17,153,973.26	0.00	0.00	429,786.00
Less Accumulated Depreciation	1345	(12,013,472.22)		(12,013,472.22)	0.00	0.00	(358,439.00)
Motor Vehicles	1350	12,005,236.26		12,005,236.26	0.00	0.00	0.00
Less Accumulated Depreciation	1355	(8,529,513.73)		(8,529,513.73)	0.00	0.00	0.00
Property Under Capital Leases	1370	0.00		0.00	0.00	0.00	77,497.00
Less Accumulated Depreciation	1375	0.00		0.00	0.00	0.00	(23,349.00)
Audiovisual Materials	1381	0.00		0.00	0.00	0.00	0.00
Less Accumulated Depreciation	1388	0.00		0.00	0.00	0.00	0.00
Computer Software	1382	622,486.20		622,486.20	0.00	0.00	41,930.00
Less Accumulated Amortization	1389	(846,545.46)		(846,545.46)	0.00	0.00	0.00
Depreciable Capital Assets, Net		(846,545.46)	0.00	(846,545.46)	0.00	0.00	(359,389.00)
Total Capital Assets		199,253,375.53	0.00	199,253,375.53	0.00	0.00	2,389,362.00
Net Assets		247,826,856.70	0.00	247,826,856.70	0.00	0.00	1,660,180.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00		0.00	0.00	0.00	0.00
Net Carrying Amount of Debt Refunding	1920	14,563.70		14,563.70	0.00	0.00	0.00
Patron	1940	(8,445,276.00)		(8,445,276.00)	0.00	0.00	(1,054,834.00)
Other Postemployment Benefits	1950	0.00		0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		(8,430,699.30)	0.00	(8,430,699.30)	0.00	0.00	(1,054,834.00)
<b>LIABILITIES</b>							
Cash Overdraft	2123	0.00		0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00		0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	3,514,536.55		3,514,536.55	0.00	0.00	17,000.00
Accounts Payable	2120	911,982.56		911,982.56	0.00	0.00	151,377.00
Sales Tax Payable	2260	0.00		0.00	0.00	0.00	0.00
Current Notes Payable	2220	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable	2225	0.00		0.00	0.00	0.00	0.00
Deposits Payable	2225	0.00		0.00	0.00	0.00	0.00
Due to Other Agencies	2230	1,281.75		1,281.75	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00		0.00	0.00	0.00	0.00
Pension Liability	2115	0.00		0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00		0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00		0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2140	722,001.99		722,001.99	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	433,762.47		433,762.47	0.00	0.00	0.00
Estimated Unpaid Claims - Self-Insurance Program	2271	0.00		0.00	0.00	0.00	0.00
Estimated Liability for Claims Adjustment	2272	0.00		0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2280	0.00		0.00	0.00	0.00	0.00
Unearned Revenues	2410	0.00		0.00	0.00	0.00	0.00
<b>Noncurrent Liabilities</b>							
Portion Due Within One Year:							
Notes Payable	2310	0.00		0.00	0.00	0.00	0.00
Obligations Under Capital Leases	2315	0.00		0.00	0.00	0.00	4,740.00
Bonds Payable	2320	14,563.70		14,563.70	0.00	0.00	0.00
Liability for Compensated Absences	2330	525,956.11		525,956.11	0.00	0.00	15,520.00
Lease-Purchase Agreements Payable	2340	4,164,492.43		4,164,492.43	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	2350	0.00		0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2360	0.00		0.00	0.00	0.00	0.00
Net Pension Liability	2365	407,187.33		407,187.33	0.00	0.00	752,453.00
Estimated PEO Advance Payable	2370	0.00		0.00	0.00	0.00	0.00
Other Long-Term Liabilities	2380	0.00		0.00	0.00	0.00	0.00
Derivative Instruments	2390	0.00		0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2380	0.00		0.00	0.00	0.00	0.00
Due Within One Year		5,206,090.24	0.00	5,206,090.24	0.00	0.00	775,719.00
Portion Due After One Year:							
Notes Payable	2310	0.00		0.00	0.00	0.00	0.00
Obligations Under Capital Leases	2315	0.00		0.00	0.00	0.00	1,317.00
Bonds Payable	2320	4,263.70		4,263.70	0.00	0.00	0.00
Liability for Compensated Absences	2330	4,193,137.89		4,193,137.89	0.00	0.00	0.00
Lease-Purchase Agreements Payable	2340	31,006,708.18		31,006,708.18	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	2350	0.00		0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2360	4,216,176.00		4,216,176.00	0.00	0.00	0.00
Net Pension Liability	2365	42,894,071.47		42,894,071.47	0.00	0.00	1,316,420.00
Estimated PEO Advance Payable	2370	0.00		0.00	0.00	0.00	0.00
Other Long-Term Liabilities	2380	0.00		0.00	0.00	0.00	0.00
Derivative Instruments	2390	0.00		0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebate	2380	0.00		0.00	0.00	0.00	0.00
Due After One Year		42,902,409.76	0.00	42,902,409.76	0.00	0.00	1,317,440.00
Total Long-Term Liabilities		87,558,499.94	0.00	87,558,499.94	0.00	0.00	2,090,363.00
Total Liabilities		91,542,086.34	0.00	91,542,086.34	0.00	0.00	2,238,966.00
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00		0.00	0.00	0.00	0.00
Net Carrying Amount of Debt Refunding	2620	15,849.63		15,849.63	0.00	0.00	0.00
Deferred Revenues	2630	1,635,568.00		1,635,568.00	0.00	0.00	27,806.00
Other Postemployment Benefits	2650	0.00		0.00	0.00	0.00	0.00
Total Deferred Inflows of Resources		1,651,417.63	0.00	1,651,417.63	0.00	0.00	27,806.00
<b>NET POSITION</b>							
Net Investment in Capital Assets	2770	164,093,998.73		164,093,998.73	0.00	0.00	2,389,363.00
Restricted For:							
Category of Services Programs	2780	182,476.56		182,476.56	0.00	0.00	0.00
Food Service	2780	116,270.20		116,270.20	0.00	0.00	0.00
Other Services	2780	96,284.23		96,284.23	0.00	0.00	0.00
Capital Projects	2780	31,099,201.00		31,099,201.00	0.00	0.00	0.00
Other Expenses	2780	2,935,226.47		2,935,226.47	0.00	0.00	0.00
Unrestricted	2790	(17,338,516.76)		(17,338,516.76)	0.00	0.00	1,830,487.00
Total Net Position		176,533,182.41	0.00	176,533,182.41	0.00	0.00	3,813,769.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2017

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Component Units
<i>Governmental Activities:</i>									
Intruction	5000	50,033,356.38	734,329.07			(49,299,027.31)		(49,299,027.31)	
Student Support Services	6100	2,562,768.62				(2,562,768.62)		(2,562,768.62)	
Instructional Media Services	6200	965,459.63				(965,459.63)		(965,459.63)	
Instruction and Curriculum Development Services	6300	2,440,402.99				(2,440,402.99)		(2,440,402.99)	
Instructional Staff Training Services	6400	1,520,305.83				(1,520,305.83)		(1,520,305.83)	
Instruction-Related Technology	6500	1,427,122.72				(1,427,122.72)		(1,427,122.72)	
Board	7100	433,418.61				(433,418.61)		(433,418.61)	
General Administration	7200	435,416.33				(435,416.33)		(435,416.33)	
School Administration	7300	5,549,381.68				(5,549,381.68)		(5,549,381.68)	
Facilities Acquisition and Construction	7400	3,538,025.91	13,852.54		522,986.33	(3,001,187.04)		(3,001,187.04)	
Fiscal Services	7500	522,492.76				(522,492.76)		(522,492.76)	
Food Services	7600	3,227,019.92	461,849.13	2,694,069.68		(71,101.11)		(71,101.11)	
Central Services	7700	736,585.36				(736,585.36)		(736,585.36)	
Student Transportation Services	7800	6,037,891.33	289.31			(6,037,891.33)		(6,037,891.33)	
Operation of Plant	7900	8,176,085.06				(8,176,085.06)		(8,176,085.06)	
Maintenance of Plant	8100	1,893,301.81	13,852.54		218,338.00	(1,661,111.27)		(1,661,111.27)	
Administrative Technology Services	8200	445,024.93				(445,024.93)		(445,024.93)	
Community Services	9100	1,001,098.67	439,247.24			(561,851.43)		(561,851.43)	
Interest on Long-Term Debt	9200	1,617,328.47	13,852.54		47,106.20	(1,617,328.47)		(1,617,328.47)	
	9300					0.00		0.00	
Unallocated Depreciation/Amortization Expense		6,324,719.25				(6,324,719.25)		(6,324,719.25)	
<b>Total Governmental Activities</b>		<b>98,948,454.41</b>	<b>1,677,272.37</b>	<b>2,694,069.68</b>	<b>788,430.53</b>	<b>(93,788,681.83)</b>		<b>(93,788,681.83)</b>	
<i>Business-Type Activities:</i>									
Self-Insurance Consortium							0.00	0.00	
Daycare Operations							0.00	0.00	
Other Business-Type Activity							0.00	0.00	
<b>Total Business-Type Activities</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total Primary Government</b>		<b>98,948,454.41</b>	<b>1,677,272.37</b>	<b>2,694,069.68</b>	<b>788,430.53</b>	<b>(93,788,681.83)</b>		<b>(93,788,681.83)</b>	
<i>Component Units:</i>									
Major Component Unit Name		0.00	0.00	0.00	0.00				0.00
Major Component Unit Name		0.00	0.00	0.00	0.00				0.00
<b>Total Nonmajor Component Units</b>		<b>6,574,628.00</b>	<b>18,712.00</b>	<b>53,622.00</b>	<b>235,028.00</b>				<b>(6,267,266.00)</b>
<b>Total Component Units</b>		<b>6,574,628.00</b>	<b>18,712.00</b>	<b>53,622.00</b>	<b>235,028.00</b>				<b>(6,267,266.00)</b>

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes  
Property Taxes, Levied for Debt Service  
Property Taxes, Levied for Capital Projects  
Local Sales Taxes  
Grants and Contributions Not Restricted to Specific Programs  
Investment Earnings-Amortization of Debt Premium  
Miscellaneous  
Special Items  
Extraordinary Items  
Transfers  
**Total General Revenues, Special Items, Extraordinary Items and Transfers**  
**Change in Net Position**  
Net Position, July 1, 2016  
Adjustments to Net Position  
Net Position, June 30, 2017

62,064,669.68		62,064,669.68	0.00
		0.00	0.00
22,769,118.36		22,769,118.36	0.00
		0.00	0.00
20,676,260.55		20,676,260.55	6,085,717.00
299,615.85		299,615.85	11,543.00
2,902,076.91		2,902,076.91	345,149.00
7,225.64		7,225.64	0.00
		0.00	0.00
		0.00	0.00
108,718,966.99	0.00	108,718,966.99	6,442,409.00
14,930,285.16	0.00	14,930,285.16	175,143.00
155,602,907.25		155,602,907.25	3,640,626.00
		0.00	0.00
170,533,192.41	0.00	170,533,192.41	3,815,769.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	General 100	Food Services 410	Other Federal Programs 420	ARRA Race to the Top 434
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	24,494,678.62	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	208,813.14	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	159,695.23	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	63,972.51	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		<b>24,927,159.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Assets and Deferred Outflows of Resources</b>		<b>24,927,159.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	1,826,227.51	0.00	0.00	0.00
Accounts Payable	2120	892,781.62	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	1,281.75	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2120	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenue	2410	0.00	0.00	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		<b>2,420,290.88</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	15,849.63	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		<b>15,849.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	63,972.51	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	<b>2710</b>	<b>63,972.51</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	182,476.56	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	<b>2720</b>	<b>182,476.56</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	<b>2730</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	2,285,285.45	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	<b>2740</b>	<b>2,285,285.45</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Unassigned Fund Balances</b>	<b>2750</b>	<b>19,955,284.47</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Fund Balances</b>	<b>2700</b>	<b>22,491,018.99</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>24,927,159.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

The notes to financial statements are an integral part of this statement.  
ESE 145DISTRICT SCHOOL BOARD OF WALTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Miscellaneous Special Revenue 400	SBE/COBI Bonds 210	Special Act Bonds 220	Sections 1011.14 & 1011.15, F.S., Loans 230
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Assets and Deferred Outflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2120	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenue	2410	0.00	0.00	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	<b>2710</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	<b>2720</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	<b>2730</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	<b>2740</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Unassigned Fund Balances</b>	<b>2750</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Fund Balances</b>	<b>2700</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Motor Vehicle Revenue Bonds 240	District Bonds 250	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenue	2410	0.00	0.00	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	2710	0.00	0.00	0.00	0.00
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	2720	0.00	0.00	0.00	0.00
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	2740	0.00	0.00	0.00	0.00
<b>Total Unassigned Fund Balances</b>	2750	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	2700	0.00	0.00	0.00	0.00
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
ESE 145DISTRICT SCHOOL BOARD OF WALTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Capital Outlay Bond Issues (COBI) 310	Special Act Bonds 320	Sections 1011.14 & 1011.15, F.S., Loans 330	Public Education Capital Outlay (PECO) 340
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenue	2410	0.00	0.00	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	2710	0.00	0.00	0.00	0.00
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	2720	0.00	0.00	0.00	0.00
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	2740	0.00	0.00	0.00	0.00
<b>Total Unassigned Fund Balances</b>	2750	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	2700	0.00	0.00	0.00	0.00
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	District Bonds 350	Capital Outlay and Debt Service 360	Nonvotated Capital Improvement Fund 370	Voted Capital Improvement Fund 380
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	21,953,033.94	0.00
Investments	1160	0.00	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	5,299.42	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		0.00	0.00	21,958,433.36	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		0.00	0.00	21,958,433.36	0.00
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	309,519.11	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	722,001.99	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	453,762.85	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenue	2410	0.00	0.00	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	1,465,283.92	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	2710	0.00	0.00	0.00	0.00
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	20,493,149.41	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	2720	0.00	0.00	20,493,149.41	0.00
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	2740	0.00	0.00	0.00	0.00
<b>Total Unassigned Fund Balances</b>	2750	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	2700	0.00	0.00	20,493,149.41	0.00
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		0.00	0.00	21,958,433.36	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Other Capital Projects 390	ARRA Economic Stimulus Capital Projects 399	Permanent Fund 000	Other Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	426,152.70
Investments	1160	0.00	0.00	0.00	514.35
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	16,231.11
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	315,642.21
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal/Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	92,297.69
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		0.00	0.00	0.00	850,838.06
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		0.00	0.00	0.00	850,838.06
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	88,329.34
Accounts Payable	2120	0.00	0.00	0.00	9,682.73
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenue	2410	0.00	0.00	0.00	0.00
Unavailable Revenue	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	98,011.57
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	92,297.69
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	2710	0.00	0.00	0.00	92,297.69
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	566,244.57
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	2720	0.00	0.00	0.00	666,528.80
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	2740	0.00	0.00	0.00	0.00
<b>Total Unassigned Fund Balances</b>	2750	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	2700	0.00	0.00	0.00	752,826.49
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		0.00	0.00	0.00	850,838.06

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	46,873,865.26
Investments	1160	514.35
Taxes Receivable, Net	1120	0.00
Accounts Receivable, Net	1131	230,443.67
Interest Receivable on Investments	1170	0.00
Due From Other Agencies	1220	475,337.44
Due From Budgetary Funds	1141	0.00
Due From Insurer	1180	0.00
Deposits Receivable	1210	0.00
Due From Internal Funds	1142	0.00
Cash with Fiscal/Service Agents	1114	0.00
Inventory	1150	156,270.20
Prepaid Items	1230	0.00
Long-Term Investments	1460	0.00
<b>Total Assets</b>		<b>47,736,430.92</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>
<b>Total Assets and Deferred Outflows of Resources</b>		<b>47,736,430.92</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	1,914,556.85
Accounts Payable	2120	911,982.96
Sales Tax Payable	2260	0.00
Current Notes Payable	2250	0.00
Accrued Interest Payable	2210	0.00
Deposits Payable	2250	0.00
Due to Other Agencies	2230	1,281.75
Due to Budgetary Funds	2161	0.00
Due to Internal Funds	2162	0.00
Due to Fiscal Agent	2240	0.00
Pension Liability	2115	0.00
Other Postemployment Benefits Liability	2116	0.00
Judgments Payable	2130	0.00
Construction Contracts Payable	2140	722,001.99
Construction Contracts Payable - Retained Percentage	2150	433,762.85
Matured Bonds Payable	2190	0.00
Matured Interest Payable	2190	0.00
Unearned Revenue	2410	0.00
Unavailable Revenue	2410	0.00
<b>Total Liabilities</b>		<b>3,983,586.40</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00
Deferred Revenues	2630	15,849.63
<b>Total Deferred Inflows of Resources</b>		<b>15,849.63</b>
<b>FUND BALANCES</b>		
<i>Nonspendable:</i>		
Inventory	2711	156,270.20
Prepaid Amounts	2712	0.00
Permanent Fund Principal	2713	0.00
Other Not in Spendable Form	2719	0.00
<b>Total Nonspendable Fund Balances</b>	<b>2710</b>	<b>156,270.20</b>
<i>Restricted for:</i>		
Economic Stabilization	2721	0.00
Federal Required Carryover Programs	2722	0.00
State Required Carryover Programs	2723	182,476.56
Local Sales Tax and Other Tax Levy	2724	0.00
Debt Service	2725	94,284.23
Capital Projects	2726	21,059,929.98
Restricted for	2729	0.00
<b>Total Restricted Fund Balances</b>	<b>2720</b>	<b>21,336,154.77</b>
<i>Committed to:</i>		
Economic Stabilization	2731	0.00
Contractual Agreements	2732	0.00
Committed for	2739	0.00
Committed for	2739	0.00
<b>Total Committed Fund Balances</b>	<b>2730</b>	<b>0.00</b>
<i>Assigned to:</i>		
Special Revenue	2741	0.00
Debt Service	2742	0.00
Capital Projects	2743	0.00
Permanent Fund	2744	0.00
Assigned for	2749	2,285,285.45
Assigned for	2749	0.00
<b>Total Assigned Fund Balances</b>	<b>2740</b>	<b>2,285,285.45</b>
<b>Total Unassigned Fund Balances</b>	<b>2750</b>	<b>19,959,284.47</b>
<b>Total Fund Balances</b>	<b>2700</b>	<b>43,736,994.89</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>47,736,430.92</b>

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
For the Fiscal Year Ended June 30, 2017

**Total Fund Balances - Governmental Funds** \$ 43,736,994.89

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 199,233,375.53

Prepaid insurance costs associated with the issuance of certificates of participation are not expensed on the government-wide statements, but are reported as prepaid items and amortized over the life of the debt. 57,050.14

Deferred charges on refundings of debt are not expensed in the government-wide statements, but are reported as deferred outflows and amortized over the life of the debt. 54,563.79

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

Deferred Outflows Related to Pensions	\$ 16,645,276.00	
Deferred Inflows Related to Pensions	(1,635,568.00)	15,009,708.00

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

Certificates of Participation Payable	\$ 35,171,400.61	
Bonds Payable	22,543.33	
Compensated Absences Payable	4,717,114.00	
Other Post-Employment Benefits Payable	4,216,178.00	
Net Pension Liability	43,431,264.00	(87,558,499.94)

**Total Net Position - Governmental Activities** \$ 170,533,192.41  
170,533,192.41

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

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

	Account Number	General 100	Food Services 410	Other Federal Programs 420	ARRA Race to the Top 434
<b>REVENUES</b>					
Federal Direct	3100	360,631.25	0.00	0.00	0.00
Federal Through State and Local	3200	392,587.40	0.00	0.00	0.00
State Sources	3300	16,459,286.07	0.00	0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	62,064,669.68	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		2,899,471.32	0.00	0.00	0.00
Total Local Sources	3400	64,964,141.00	0.00	0.00	0.00
<b>Total Revenues</b>		<b>82,176,655.70</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	45,718,779.46	0.00	0.00	0.00
Student Support Services	6100	2,489,745.52	0.00	0.00	0.00
Instructional Media Services	6200	965,459.63	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	1,047,959.32	0.00	0.00	0.00
Instructional Staff Training Services	6400	829,116.68	0.00	0.00	0.00
Instruction-Related Technology	6500	1,427,125.72	0.00	0.00	0.00
Board	7100	433,418.61	0.00	0.00	0.00
General Administration	7200	272,461.09	0.00	0.00	0.00
School Administration	7300	5,213,873.17	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	488,975.93	0.00	0.00	0.00
Fiscal Services	7500	522,492.76	0.00	0.00	0.00
Food Services	7600	16,448.73	0.00	0.00	0.00
Central Services	7700	736,585.36	0.00	0.00	0.00
Student Transportation Services	7800	5,003,311.85	0.00	0.00	0.00
Operation of Plant	7900	7,978,719.13	0.00	0.00	0.00
Maintenance of Plant	8100	1,893,301.81	0.00	0.00	0.00
Administrative Technology Services	8200	445,024.93	0.00	0.00	0.00
Community Services	9100	465,746.31	0.00	0.00	0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	0.00	0.00
Interest	720	34,620.75	0.00	0.00	0.00
Debt and Fees	730	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	137,697.28	0.00	0.00	0.00
<b>Total Expenditures</b>		<b>76,120,833.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<b>6,055,822.66</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	7,224.64	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	750	0.00	0.00	0.00	0.00
Transfers In	3600	2,855,094.00	0.00	0.00	0.00
Transfers Out	9700	(44,549.48)	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		<b>2,810,544.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>SPECIAL ITEMS</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXTRAORDINARY ITEMS</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Change in Fund Balances</b>		<b>8,874,492.82</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Fund Balances, July 1, 2016	2800	13,616,526.17	0.00	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	22,491,018.99	0.00	0.00	0.00

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

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

	Account Number	Miscellaneous Special Revenue 490	SBE/COBI Bonds 210	Special Act Bonds 220	Sections 1011.14 & 1011.15, F.S., Loans 230
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00	0.00
State Sources	3300	0.00	0.00	0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Debt and Fees	730	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	750	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>SPECIAL ITEMS</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXTRAORDINARY ITEMS</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Change in Fund Balances</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Fund Balances, July 1, 2016	2800	0.00	0.00	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

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

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

	Account Number	Motor Vehicle Revenue Bonds 240	District Bonds 250	Other Debt Service 290	ARRA Economic Stimulus Debt Service 299
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00	0.00
State Sources	3300	0.00	0.00	0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Debt and Fees	730	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	750	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
<b>EXTRAORDINARY ITEMS</b>					
		0.00	0.00	0.00	0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800	0.00	0.00	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	Capital Outlay Bond Issues (COBI) 310	Special Act Bonds 320	Sections 1011.14 & 1011.15, F.S., Loans 330	Public Education Capital Outlay (PECO) 340
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00	0.00
State Sources	3300	0.00	0.00	0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Debt and Fees	730	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	750	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
<b>EXTRAORDINARY ITEMS</b>					
		0.00	0.00	0.00	0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800	0.00	0.00	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	District Bonds 350	Capital Outlay and Debt Service 360	Nonvoted Capital Improvement Fund 370	Voted Capital Improvement Fund 380
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00	0.00
State Sources	3300	0.00	0.00	0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	22,769,118.36	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	0.00
Total Local Sources	3400	0.00	0.00	22,769,118.36	0.00
<b>Total Revenues</b>		0.00	0.00	22,769,118.36	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Debt and Fees	730	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	14,869,686.24	0.00
Other Capital Outlay	9300	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>		0.00	0.00	14,869,686.24	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	7,899,432.12	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	(8,146,525.87)	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	(8,146,525.87)	0.00
<b>SPECIAL ITEMS</b>					
<b>EXTRAORDINARY ITEMS</b>					
<b>Net Change in Fund Balances</b>		0.00	0.00	(247,093.75)	0.00
Fund Balances, July 1, 2016	2800	0.00	0.00	20,740,243.16	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	20,493,149.41	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	Other Capital Projects 390	ARRA Economic Stimulus Capital Projects 399	Permanent Funds 000	Other Governmental Funds
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	535,352.36
Federal Through State and Local	3200	0.00	0.00	0.00	6,907,533.97
State Sources	3300	0.00	0.00	0.00	718,983.67
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	461,849.43
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	2,605.59
Total Local Sources	3400	0.00	0.00	0.00	464,455.02
<b>Total Revenues</b>		0.00	0.00	0.00	8,626,124.02
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	1,849,851.62
Student Support Services	6100	0.00	0.00	0.00	73,023.10
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	1,392,443.67
Instructional Staff Training Services	6400	0.00	0.00	0.00	691,189.15
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	159,695.23
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	3,210,571.19
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	535,352.36
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	0.00	3,735,000.00
Interest	720	0.00	0.00	0.00	1,664,130.00
Debt and Fees	730	0.00	0.00	0.00	8,536.46
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	3,452,242.85
Other Capital Outlay	9300	0.00	0.00	0.00	87,712.52
<b>Total Expenditures</b>		0.00	0.00	0.00	16,860,748.15
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	(8,234,624.13)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	5,494,911.35
Transfers Out	9700	0.00	0.00	0.00	(159,830.00)
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	5,335,081.35
<b>SPECIAL ITEMS</b>					
<b>EXTRAORDINARY ITEMS</b>					
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	(2,899,542.78)
Fund Balances, July 1, 2016	2800	0.00	0.00	0.00	3,652,369.27
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	752,826.49

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	Total Governmental Funds
<b>REVENUES</b>		
Federal Direct	3100	895,983.59
Federal Through State and Local	3200	7,299,920.37
State Sources	3300	17,178,279.74
<i>Local Sources:</i>		
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	62,064,669.68
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	22,769,118.36
Local Sales Taxes	3418, 3419	0.00
Charges for Service - Food Service	345X	461,849.43
Impact Fees	3496	0.00
Other Local Revenue		2,902,076.91
Total Local Sources	3400	88,197,714.38
<b>Total Revenues</b>		113,571,898.08
<b>EXPENDITURES</b>		
<i>Current:</i>		
Instruction	5000	47,568,631.08
Student Support Services	6100	2,562,768.62
Instructional Media Services	6200	965,459.63
Instruction and Curriculum Development Services	6300	2,440,402.99
Instructional Staff Training Services	6400	1,520,305.83
Instruction-Related Technology	6500	1,427,122.72
Board	7100	433,418.61
General Administration	7200	432,156.32
School Administration	7300	5,213,573.15
Facilities Acquisition and Construction	7410	488,975.95
Fiscal Services	7500	522,492.76
Food Services	7600	3,227,019.92
Central Services	7700	736,385.36
Student Transportation Services	7800	5,003,311.85
Operation of Plant	7900	7,978,719.13
Maintenance of Plant	8100	1,893,301.81
Administrative Technology Services	8200	445,024.93
Community Services	9100	1,001,098.67
<i>Debt Service: (Function 9200)</i>		
Redemption of Principal	710	3,735,000.00
Interest	720	1,698,750.75
Dues and Fees	730	9,236.46
Miscellaneous	790	0.00
<i>Capital Outlay:</i>		
Facilities Acquisition and Construction	7420	18,321,929.99
Other Capital Outlay	9300	225,381.80
<b>Total Expenditures</b>		107,851,267.43
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		5,720,630.65
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of Bonds	3710	0.00
Premium on Sale of Bonds	3791	0.00
Discount on Sale of Bonds	891	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00
Premium on Lease-Purchase Agreements	3793	0.00
Discount on Lease-Purchase Agreements	892	0.00
Loans	3720	0.00
Sale of Capital Assets	3730	0.00
Loss Recoveries	3740	7,225.64
Proceeds of Forward Supply Contract	3760	0.00
Proceeds from Special Facility Construction Account	3770	0.00
Face Value of Refunding Bonds	3715	0.00
Premium on Refunding Bonds	3792	0.00
Discount on Refunding Bonds	892	0.00
Refunding Lease-Purchase Agreements	3755	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00
Payments to Refunding Excess Agent (Function 9299)	760	0.00
Transfers In	3600	8,350,905.35
Transfers Out	9700	(8,350,905.35)
<b>Total Other Financing Sources (Uses)</b>		7,225.64
<b>SPECIAL ITEMS</b>		0.00
<b>EXTRAORDINARY ITEMS</b>		
		0.00
<b>Net Change in Fund Balances</b>		5,727,856.29
Fund Balances, July 1, 2016	2800	38,009,138.60
Adjustments to Fund Balances	2891	0.00
Fund Balances, June 30, 2017	2700	43,736,994.89

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2017

**Net Change in Fund Balances - Governmental Funds** \$ 5,727,856.29

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

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

8,374,575.71

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of long-term debt that was repaid in the current fiscal year.

3,765,000.00

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Amortized Charge in Debt Refunding	\$ (56,270.29)
Amortized Premiums	355,886.14
	299,615.85

Prepaid insurance costs associated with the issuance of debt are expensed in the governmental funds, but are deferred and amortized over the life of the debt in governmental activities.

(3,260.01)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences used in excess of the amount earned in the current fiscal year.

(1,233,000.68)

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

(63,250.00)

Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

FRS Pension Contribution	\$ 2,703,216.00
HIS Pension Contribution	785,158.00
FRS Pension Expense	(3,992,719.00)
HIS Pension Expense	(1,432,907.00)
	(1,937,252.00)

**Change in Net Position of Governmental Activities** 14,930,285.16  
14,930,285.16

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2017

	Self-Insurance Concessions 911	Self-Insurance Concessions 912	Self-Insurance Concessions 913	Self-Insurance Concessions 914	ABRA Concessions 915	Other 921	Other 922	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Receipts from customers and sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receipts from interfund services provided	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to suppliers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments for interfund services used	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receipts (payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>										
Subsidies from operating grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers to other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by noncapital financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Proceeds from capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from disposition of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition and subsequent sale of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal paid on capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid on capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by capital and related financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Proceeds from sale and maturity of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest and dividends received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by investing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net increase (decrease) in cash and cash equivalents</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents - July 1, 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents - June 30, 2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>										
Operating income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:										
Depreciation/Amortization expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contributions used from USDA programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in assets and liabilities:										
(Increase) decrease in accounts receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in interest receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in deposits receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in prepaid items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in pension	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in salaries and benefits payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in capital and related liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in accounts payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in cash received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in judgments payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in sales tax payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in accrued interest payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in deposits payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due to other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due to other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in unearned revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in pension	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in other postemployment benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in estimated payroll claims - Self-Insurance Prog.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in estimated liability for claims adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total adjustments</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Noncash investing, capital and financing activities:</b>										
Contributions to capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of equipment on account	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital asset trade-in	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (Increase)/Decrease in the fair value of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commodities received through USDA program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
June 30, 2017

	Account Number	Total Investment Trust Funds 84X	Total Private-Purpose Trust Funds 85X	Total Pension Trust Funds 87X	Total Agency Funds 89X
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	1,011,431.00
Investments	1160	0.00	0.00	0.00	26,591.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	6,203.00
Pension Contributions Receivable	1132			0.00	
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150				0.00
<b>Total Assets</b>		0.00	0.00	0.00	1,044,225.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	
Pension	1940			0.00	
Other Postemployment Benefits	1950	0.00	0.00	0.00	
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Internal Accounts Payable	2290	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	
Pension	2640			0.00	
Other Postemployment Benefits	2650	0.00	0.00	0.00	
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	
<b>NET POSITION</b>					
Held in Trust for Pension Benefits	2785	0.00	0.00	0.00	
Held in Trust for Other Purposes	2785	0.00	0.00	0.00	
<b>Total Net Position</b>		0.00	0.00	0.00	

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Account Number	Total Investment Trust Funds 84X	Total Private-Purpose Trust Funds 85X	Total Pension Trust Funds 87X
<b>ADDITIONS</b>				
<i>Contributions:</i>				
Employer		0.00	0.00	0.00
Plan Members		0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00
<i>Investment Income:</i>				
Interest on Investments	3431	0.00	0.00	0.00
Gain on Sale of Investments	3432	0.00	0.00	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	0.00	0.00	0.00
Total Investment Income		0.00	0.00	0.00
Less Investment Expense		0.00	0.00	0.00
Net Investment Income		0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00
<b>DEDUCTIONS</b>				
Salaries	100	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00
Other	700	0.00	0.00	0.00
Refunds of Contributions		0.00	0.00	0.00
Administrative Expenses		0.00	0.00	0.00
<b>Total Deductions</b>		0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00
Net Position Held In Trust, July 1, 2016	2885	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2017	2785	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF NET POSITION  
MAJOR AND NONMAJOR COMPONENT UNITS  
June 30, 2017

	Account Number	Major Component Unit Name	Major Component Unit Name	Total Nonmajor Component Units	Total Component Units
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	3,416,300.00	3,416,300.00
Investments	1120	0.00	0.00	45,780.00	45,780.00
Notes Receivable, Net	1129	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	136,000.00	136,000.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due from Other Agencies	1225	0.00	0.00	13,375.00	13,375.00
Due from Member	1180	0.00	0.00	0.00	0.00
Interest Balances	1220	0.00	0.00	6,400.00	6,400.00
Cash with Fiscal Service Agents	1114	0.00	0.00	0.00	0.00
Section 1011.13, P. 8, Loan Records	1228	0.00	0.00	0.00	0.00
Inventory	1130	0.00	0.00	0.00	0.00
Prepaid Items	1135	0.00	0.00	26,407.00	26,407.00
Loan Term Investments	1000	0.00	0.00	0.00	0.00
Prepaid Insurance Cost	1140	0.00	0.00	0.00	0.00
Other Postemployment Benefits Asset	1410	0.00	0.00	0.00	0.00
Position Loans	1150	0.00	0.00	0.00	0.00
Capital Assets	1151	0.00	0.00	0.00	0.00
Land Investments	1115	0.00	0.00	829,411.00	829,411.00
Land Investments, Nondepreciable	1115	0.00	0.00	0.00	0.00
Construction in Progress	1160	0.00	0.00	0.00	0.00
Nondepreciable Capital Assets	1160	0.00	0.00	829,411.00	829,411.00
Improvements Other Than Buildings	1120	0.00	0.00	13,241.00	13,241.00
Land Accumulated Depreciation	1130	0.00	0.00	211,149.00	211,149.00
Buildings and Fixed Equipment	1130	0.00	0.00	1,097,413.00	1,097,413.00
Land Accumulated Depreciation	1139	0.00	0.00	915,205.00	915,205.00
Furniture, Fixtures and Equipment	1140	0.00	0.00	429,700.00	429,700.00
Accumulated Depreciation	1140	0.00	0.00	112,613.00	112,613.00
Motor Vehicles	1150	0.00	0.00	0.00	0.00
Land Accumulated Depreciation	1150	0.00	0.00	0.00	0.00
Property Under Capital Leases	1159	0.00	0.00	77,000.00	77,000.00
Land Accumulated Depreciation	1179	0.00	0.00	147,540.00	147,540.00
Intangible Materials	1181	0.00	0.00	0.00	0.00
Land Accumulated Depreciation	1188	0.00	0.00	0.00	0.00
Leasehold Intangibles	1182	0.00	0.00	41,570.00	41,570.00
Land Accumulated Depreciation	1189	0.00	0.00	129,000.00	129,000.00
Debtors' Capital Assets	1190	0.00	0.00	1,070,000.00	1,070,000.00
Due to Other Agencies, Net	1200	0.00	0.00	2,189,302.00	2,189,302.00
Interest Payable	0.00	0.00	0.00	5,000.00	5,000.00
<b>DEFERRED OUTLAYS OF RESOURCES</b>					
Accumulated Depreciation in Fair Value of Hedging Derivatives	1010	0.00	0.00	0.00	0.00
Unfunded Current Amount of Debt Refunding	1020	0.00	0.00	0.00	0.00
Derivative Instruments	1030	0.00	0.00	1,020,450.00	1,020,450.00
Other Postemployment Benefits	1040	0.00	0.00	1,020,450.00	1,020,450.00
<b>Total Deferred Outlays of Resources</b>	0.00	0.00	0.00	1,020,450.00	1,020,450.00
<b>LIABILITIES</b>					
Cash Overdraft	2110	0.00	0.00	0.00	0.00
Accounts Payable and Accruals	2120	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2130	0.00	0.00	17,000.00	17,000.00
Accounts Payable	2120	0.00	0.00	133,317.00	133,317.00
Gifts, Tax Payable	2120	0.00	0.00	0.00	0.00
Current Notes Payable	2120	0.00	0.00	0.00	0.00
Current Interest Payable	2120	0.00	0.00	0.00	0.00
Due to Other Agencies	2120	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2140	0.00	0.00	0.00	0.00
Payable Liabilities	2110	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2113	0.00	0.00	0.00	0.00
Intergovernmental Payable	2116	0.00	0.00	0.00	0.00
Construction Contract Payable	2120	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2120	0.00	0.00	0.00	0.00
Contractual Liquid Claims, Self-Insurance Premium	2150	0.00	0.00	0.00	0.00
Estimated Liability for Claims Adjustment	2172	0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebates	2180	0.00	0.00	0.00	0.00
Uncovered Liabilities	2010	0.00	0.00	0.00	0.00
<b>Portion Due Within One Year:</b>					
Notes Payable	2110	0.00	0.00	0.00	0.00
Obligations Under Capital Leases	2113	0.00	0.00	7,400.00	7,400.00
Accounts Payable	2120	0.00	0.00	133,317.00	133,317.00
Liability for Contingential Absences	2130	0.00	0.00	1,525.00	1,525.00
Loan Purchase Agreement Payable	2140	0.00	0.00	0.00	0.00
Contractual Liability for Loan-Term Claims	2150	0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2160	0.00	0.00	0.00	0.00
Net Pension Liability	2163	0.00	0.00	753,431.00	753,431.00
Estimated PBO Advance Payable	2170	0.00	0.00	0.00	0.00
Other Loan-Term Liabilities	2176	0.00	0.00	0.00	0.00
Derivative Instruments	2180	0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebates	2200	0.00	0.00	0.00	0.00
<b>Due Within One Year:</b>	0.00	0.00	0.00	772,713.00	772,713.00
<b>Portion Due After One Year:</b>					
Notes Payable	2110	0.00	0.00	0.00	0.00
Obligations Under Capital Leases	2113	0.00	0.00	2,141.00	2,141.00
Bonds Payable	2120	0.00	0.00	0.00	0.00
Liability for Contingential Absences	2130	0.00	0.00	0.00	0.00
Loan Purchase Agreement Payable	2140	0.00	0.00	0.00	0.00
Contractual Liability for Loan-Term Claims	2150	0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2160	0.00	0.00	0.00	0.00
Net Pension Liability	2163	0.00	0.00	3,116,420.00	3,116,420.00
Estimated PBO Advance Payable	2170	0.00	0.00	0.00	0.00
Other Loan-Term Liabilities	2176	0.00	0.00	2,000.00	2,000.00
Derivative Instruments	2180	0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Rebates	2200	0.00	0.00	0.00	0.00
<b>Due After One Year:</b>	0.00	0.00	0.00	3,117,641.00	3,117,641.00
<b>Total Liabilities</b>	0.00	0.00	0.00	2,238,060.00	2,238,060.00
<b>DEFERRED INVOICES OF RESOURCES</b>					
Accumulated Depreciation in Fair Value of Hedging Derivatives	2010	0.00	0.00	0.00	0.00
Unfunded Current Amount of Debt Refunding	2020	0.00	0.00	0.00	0.00
Derivative Instruments	2030	0.00	0.00	0.00	0.00
Other Postemployment Benefits	2040	0.00	0.00	7,000.00	7,000.00
<b>Total Deferred Invoices of Resources</b>	0.00	0.00	0.00	7,000.00	7,000.00
<b>NET POSITION</b>					
Net Investment in Capital Assets	2770	0.00	0.00	2,189,302.00	2,189,302.00
Unfunded Portion	0.00	0.00	0.00	0.00	0.00
Categorical Current Programs	2780	0.00	0.00	0.00	0.00
Unfunded Portion	2780	0.00	0.00	0.00	0.00
Unfunded Portion	2780	0.00	0.00	0.00	0.00
Capital Programs	2790	0.00	0.00	0.00	0.00
Other Programs	2790	0.00	0.00	0.00	0.00
Unfunded Portion	2790	0.00	0.00	1,426,461.00	1,426,461.00
<b>Total Net Position</b>	0.00	0.00	0.00	3,617,351.00	3,617,351.00

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**COMBINING STATEMENT OF ACTIVITIES**  
**MAJOR AND NONMAJOR COMPONENT UNITS**  
**Major Component Unit Name**  
**For the Fiscal Year Ended June 30, 2017**

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

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes	0.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	0.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	0.00
Investment Earnings	0.00
Miscellaneous	0.00
Special Items	0.00
Extraordinary Items	0.00
Transfers	0.00
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>	0.00
<b>Change in Net Position</b>	0.00
Net Position, July 1, 2016	0.00
Adjustments to Net Position	0.00
Net Position, June 30, 2017	0.00

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
MAJOR AND NONMAJOR COMPONENT UNITS  
Major Component Unit Name  
For the Fiscal Year Ended June 30, 2017**

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

**General Revenues:**

*Taxes:*

Property Taxes, Levied for Operational Purposes	0.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	0.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	0.00
Investment Earnings	0.00
Miscellaneous	0.00
Special Items	0.00
Extraordinary Items	0.00
Transfers	0.00
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>	<b>0.00</b>
<b>Change in Net Position</b>	<b>0.00</b>
Net Position, July 1, 2016	0.00
Adjustments to Net Position	0.00
<b>Net Position, June 30, 2017</b>	<b>0.00</b>

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
MAJOR AND NONMAJOR COMPONENT UNITS  
TOTAL NONMAJOR COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2017

FUNCTIONS	Account Number	Expenses	Program Revenues			Revenue and Changes in Net Position Component Unit Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	3,605,661.62	18,712.00	53,622.00	0.00	(3,533,327.62)
Student Support Services	6100	385,999.62	0.00	0.00	0.00	(385,999.62)
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	8,427.00	0.00	0.00	0.00	(8,427.00)
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	10,024.00	0.00	0.00	0.00	(10,024.00)
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	1,133,266.22	0.00	0.00	0.00	(1,133,266.22)
Facilities Acquisition and Construction	7400	244,525.00	0.00	0.00	235,028.00	(9,497.00)
Fiscal Services	7500	316,991.30	0.00	0.00	0.00	(316,991.30)
Food Services	7600	203.00	0.00	0.00	0.00	(203.00)
Central Services	7700	133,233.00	0.00	0.00	0.00	(133,233.00)
Student Transportation Services	7800	48,374.00	0.00	0.00	0.00	(48,374.00)
Operation of Plant	7900	394,152.94	0.00	0.00	0.00	(394,152.94)
Maintenance of Plant	8100	15,143.00	0.00	0.00	0.00	(15,143.00)
Administrative Technology Services	8200	17,638.00	0.00	0.00	0.00	(17,638.00)
Community Services	9100	260,651.30	0.00	0.00	0.00	(260,651.30)
Interest on Long-Term Debt	9200	338.00	0.00	0.00	0.00	(338.00)
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		6,574,628.00	18,712.00	53,622.00	235,028.00	(6,267,266.00)

**General Revenues:**

*Taxes:*

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

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

Extraordinary Items

Transfers

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

**Change in Net Position**

Net Position, July 1, 2016

Adjustments to Net Position

Net Position, June 30, 2017

0.00
0.00
0.00
0.00
6,085,717.00
11,543.00
345,149.00
0.00
0.00
0.00
6,442,409.00
175,143.00
3,640,626.00
0.00
3,815,769.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
MAJOR AND NONMAJOR COMPONENT UNITS  
TOTAL COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2017

FUNCTIONS	Account Number	Expenses	Program Revenues			Revenue and Changes in Net Position Component Unit Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	3,605,661.62	18,712.00	53,622.00	0.00	(3,533,327.62)
Student Support Services	6100	385,999.62	0.00	0.00	0.00	(385,999.62)
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	8,427.00	0.00	0.00	0.00	(8,427.00)
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	10,024.00	0.00	0.00	0.00	(10,024.00)
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	1,133,266.22	0.00	0.00	0.00	(1,133,266.22)
Facilities Acquisition and Construction	7400	244,525.00	0.00	0.00	235,028.00	(9,497.00)
Fiscal Services	7500	316,991.30	0.00	0.00	0.00	(316,991.30)
Food Services	7600	203.00	0.00	0.00	0.00	(203.00)
Central Services	7700	133,233.00	0.00	0.00	0.00	(133,233.00)
Student Transportation Services	7800	48,374.00	0.00	0.00	0.00	(48,374.00)
Operation of Plant	7900	394,152.94	0.00	0.00	0.00	(394,152.94)
Maintenance of Plant	8100	15,143.00	0.00	0.00	0.00	(15,143.00)
Administrative Technology Services	8200	17,638.00	0.00	0.00	0.00	(17,638.00)
Community Services	9100	260,651.30	0.00	0.00	0.00	(260,651.30)
Interest on Long-Term Debt	9200	338.00	0.00	0.00	0.00	(338.00)
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		6,574,628.00	18,712.00	53,622.00	235,028.00	(6,267,266.00)

**General Revenues:**

*Taxes:*

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

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Items

Extraordinary Items

Transfers

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

**Change in Net Position**

Net Position, July 1, 2016

Adjustments to Net Position

Net Position, June 30, 2017

0.00
0.00
0.00
0.00
6,085,717.00
11,543.00
345,149.00
0.00
0.00
0.00
6,442,409.00
175,143.00
3,640,626.00
0.00
3,815,769.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017

The requirements related to the notes to financial statements are codified in Section 2300 of the Codification of Governmental Accounting and Financial Reporting Standards published by the Governmental Accounting Standards Board. The district is encouraged to use the notes to financial statements from the prior fiscal year audit as a guide for the current year's notes for consistency in financial statement presentation.

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## NOTES TO FINANCIAL STATEMENTS

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

#### B. Reporting Entity

The Walton 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 District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Walton 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 legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading. Based on the application of these criteria, the following component units are included within the District's reporting entity:

**Blended Component Unit.** Blended component units are, in substance, part of the District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Walton County Public Education Finance Authority, Inc. (Authority) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note II.I.1. Due to the substantive economic relationship between



the District and the Authority, the financial activities of the Authority are included in the accompanying basic financial statements. Separate financial statements for the Authority are not published.

**Discretely Presented Component Units.** The component units' columns in the government-wide financial statements include the financial data of the District's other component units. Separate columns are used to emphasize that they are legally separate from the District.

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

The financial data reported on the accompanying statements was derived from the audited financial statements of The Seaside School, Inc. and Walton Academy, for the fiscal year ended June 30, 2016. The audit reports are filed in the District's administrative offices at 145 Park Street, Suite 3, DeFuniak Springs, Florida 32435.

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

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

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

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

The fund financial statements provide information about the District's funds, including the fiduciary funds and blended component unit. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

and replacement equipment, motor vehicle purchases, and payments for educational facilities and sites due under a lease-purchase agreement.

Additionally, the District reports the following fiduciary fund type:

- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at 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 the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds included in governmental activities are eliminated in the preparation of the government-wide financial statements.

#### E. Measurement Focus and 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 as soon as all eligibility requirements imposed by the provider have been met.

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 as soon as they are both 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. For this purpose, the District considers revenues to be available if they are collected within 45 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of fiscal year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures,

claims and judgments, pension benefits, 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 is reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

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

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

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

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME, and a money market fund held in trust in connection with certificates of participation.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

##### **2. Investments**

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

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

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

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

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at the last invoice cost which approximates the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida

Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

Prepaid insurance costs, incurred in connection with the issuance of certificates of participation, are recorded as a prepaid item on the government-wide financial statements and recognized as an expense over the life of the related debt.

#### **4. Capital Assets**

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	7 - 35 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 25 years
Motor Vehicles	5 - 10 years
Computer Software	5 years

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

#### **5. Pensions**

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

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

#### **6. Long-Term Liabilities**

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

Debt premiums and discounts on refinancing are deferred and amortized over the life of the debt. Certificates of participation payable and bonds payable are reported net of the applicable premium or discount.

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

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

## 7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category. The deferred outflows of resources related to deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category on the statement of net position. The deferred inflows of resources related to pensions are discussed in a subsequent note.

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

## 9. Fund Balance Flow Assumptions

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

## 10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at June 30, 2017.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board may 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 additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

## G. Revenues and Expenditures/Expenses

### 1. Program Revenues

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

### 2. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE 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 FDOE. The FDOE 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 5 months following the date of the original reporting. Such amendments may impact funding allocations for subsequent fiscal years. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data.

Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

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

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

### 3. District Property Taxes

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

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

The Board adopted the 2017 tax levy on September 5, 2017. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

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

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

### 4. Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

### 5. Compensated Absences

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

## II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash Deposits with Financial Institutions

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

### B. Investments

The District's investments at June 30, 2017, are reported as follows:

Investments	Maturities	Fair Value
<b>SBA:</b>		
Florida PRIME (1)	34 Day Average	9,908,558.78
Debt Service Accounts	6 Months	514.35
<b>Total Investments</b>		<u>\$ 9,909,073.13</u>

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

### Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The SBA Debt Service Accounts are valued using Level 1 inputs.

**Interest Rate Risk**

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

Florida PRIME uses a weighted average days to maturity (WAM). 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.

For Florida PRIME, Chapter 218.409(8)(a), Florida Statutes, states that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission 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 bids from qualified depositories, certificates of deposit, time deposits, securities of the United States Government, State-managed cooperative investment plans, and other forms of investments authorized by Section 218.415, Florida Statutes.

The District's investments in the SBA debt service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by the SBA for managing interest rate risk and credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

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

**Custodial Credit Risk**

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

### C. Changes in Capital Assets

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	9,237,087.21			9,237,087.21
Land Improvements	488,106.72			488,106.72
Construction In Progress	29,044,354.84	11,893,381.69	33,092,887.59	7,844,848.94
Total Capital Assets Not Being Depreciated	38,769,548.77	11,893,381.69	33,092,887.59	17,570,042.87
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	7,415,819.06	120,387.73		7,536,206.79
Buildings and Fixed Equipment	194,328,389.03	33,100,472.59		227,428,861.62
Furniture, Fixtures, and Equipment	15,484,620.66	1,851,002.32	199,647.70	17,135,975.28
Motor Vehicles	11,726,771.49	1,649,289.93	990,935.16	12,385,126.26
Computer Software	622,488.28			622,488.28
Total Capital Assets Being Depreciated	229,578,088.52	36,721,152.57	1,190,582.86	265,108,658.23
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	4,523,014.50	366,014.32	-	4,889,028.82
Buildings and Fixed Equipment	51,999,488.65	4,777,656.69	-	56,777,145.34
Furniture, Fixtures, and Equipment	11,964,870.67	1,148,807.47	180,205.92	12,933,472.22
Motor Vehicles	8,417,339.06	773,709.93	949,689.10	8,241,359.89
Computer Software	584,124.59	32,240.87	12,046.16	604,319.30
Total Accumulated Depreciation	77,488,837.47	7,098,429.28	1,141,941.18	83,445,325.57
Total Capital Assets Being Depreciated, Net	152,089,251.05	29,622,723.29	48,641.68	181,663,332.66
Governmental Activities Capital Assets, Net	\$ 190,858,799.82	\$ 41,516,104.98	\$ 33,141,529.27	\$ 199,233,375.53

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:		
Function		Amount
<b>GOVERNMENTAL ACTIVITIES</b>		
Student Transportation Services		773,709.93
Unallocated		6,324,719.35
Total Depreciation Expense - Governmental Activities		7,098,429.28

### D. Retirement Plans

#### 1. FRS – Defined Benefit Pension Plans

##### General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred

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

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

The District's FRS and HIS pension expense totaled \$5,425,626 for the fiscal year ended June 30, 2017. The District's FRS and HIS pension contributions totaled \$3,488,374 for the same period.

##### FRS Pension Plan

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

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

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing

employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided.** Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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

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

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

<b><u>Class</u></b>	<b><u>Percent of Gross Salary</u></b>	
	<b><u>Employee</u></b>	<b><u>Employer (1)</u></b>
FRS, Regular	3.00	7.26
FRS, Elected County Officers	3.00	42.27
DROP - Applicable to Members from All of the Above Classes	0.00	12.99
DROP - Terminated in Elected Officers' Class	0.00	8.76
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

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

The District's contributions to the Plan totaled \$2,703,216 for the fiscal year ended June 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2017, the District reported a liability of \$26,185,394 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.103704208 percent, which was a decrease of 0.005638754 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized the Plan pension expense of \$3,992,719. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Description</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 2,004,955	\$ 243,804
Change of assumptions	\$ 1,584,138	
Net difference between projected and actual earnings on FRS pension plan investments	\$ 6,768,605	
Changes in proportion		
Employer Specific Allocation	\$ (217,173)	\$ 1,068,400
District FRS contributions subsequent to the measurement date	\$ 2,703,216	
<b>Total</b>	<b>\$ 12,843,741</b>	<b>\$ 1,312,204</b>



The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$2,703,216 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30		
2018	\$	373,765
2019		373,764.56
2020		229,034.34
2021		167,007.10
Thereafter		66,802.84
Total	\$	1,210,373

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

Inflation	2.60	percent
Salary increases	3.25	percent, avg, including inflation
Discount Rate	7.60	percent

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

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

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
	100%			
Assumed inflation - Mean			2.6%	2.0%

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

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.60 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60 percent) or 1 percentage point higher (8.60 percent) than the current rate:

FRS - Pension Plan	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.60%	7.60%	8.60%
District's proportionate share of the net pension liability (asset):	\$ 48,209,083	\$ 26,185,394	\$ 7,853,581

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

#### **HIS Pension Plan**

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

**Benefits Provided.** For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event



the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$785,158 for the fiscal year ended June 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2017, the District reported a net pension liability of \$17,245,870 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, and update procedures were used to determine liabilities as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.147974974 percent, which was a decrease of 0.002409689 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2016, the District recognized the HIS Plan pension expense of \$1,432,907. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 39,280
Change of assumptions	\$ 2,706,315	
Net difference between projected and actual earnings on FRS pension plan investments	\$ 8,720	
Changes in proportion	\$ 131,841	
Employer Specific Allocation	\$ 169,501	\$ 284,084
District FRS contributions subsequent to the measurement date	\$ 785,158	
<b>Total</b>	<b>\$ 3,801,535</b>	<b>\$ 323,364</b>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$785,158, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>		
2018	\$	479,137
2019		479,136.83
2020		477,476.41
2021		412,399.58
Thereafter		350,926.57
Total	\$	2,199,076

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

Inflation	2.60	percent
Salary increases	3.25	percent, avg, including inflation
Municipal Bond Rate	2.85	percent

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

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

**Discount Rate.** The discount rate used to measure the total pension liability was 2.85 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

<u>FRS - Health Insurance Subsidy Plan</u>		1%	Current	1%
		Decrease	Discount Rate	Increase
		<u>1.85%</u>	<u>2.85%</u>	<u>3.85%</u>
District's proportionate share of the net pension liability (asset):		\$ 19,784,931	\$ 17,245,870	\$ 15,138,588

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

## 2. FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering 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 Plan members' accounts during the 2016-17 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these

options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

## E. Other Postemployment Benefit Obligations

**Plan Description.** The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, and life insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. 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 OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity.

**Funding Policy.** Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2016-17 fiscal year, 139 retirees received other postemployment benefits. The District provided required contributions of \$248,676 toward the annual OPEB cost, net of retiree contributions totaling \$649,041, which represents 1.6 percent of covered payroll.

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

Employer FYE June 30:	2017	2016
Normal Cost (service cost for one year)	\$ 177,405	\$ 253,080
Amortization of Unfunded Actuarial Accrued Liability	187,074	242,808
Interest on Normal Cost and Amortization	-	-
Annual Required Contribution (ARC)	364,479	495,888
Net OPEB Obligation (NOO) at beginning of year	4,152,928	3,982,600
Annual Required Contribution (ARC)	364,479	495,888
Interest on NOO	136,216	136,603
Adjustment to ARC	(188,769)	(165,942)
Annual OPEB Cost (Expense)	311,926	466,549
Employer Contributions Made	(248,676)	(296,221)
Increase in NOO	63,250	170,328
NOO at end of year	4,216,178	4,152,928

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2017, and the 2 preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB	Amount	Percent of	Net
Ending	Cost	Contributed	Annual OPEB Cost	OPEB
			Contributed	Obligation
6/30/2015	\$449,117	\$274,592	61.14%	\$3,982,600
6/30/2016	\$466,549	\$296,221	63.49%	\$4,152,928
6/30/2017	\$311,926	\$248,676	79.72%	\$4,216,178

**Funded Status and Funding Progress.** As of October 1, 2016, the most recent valuation date, the actuarial accrued liability for benefits was \$4,049,755, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$4,049,755 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$41,282,874, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.81 percent.

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to financial statements as required supplementary information, presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical

pattern of sharing of benefit costs between the employer and participating members. The actuarial calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, the actuarial valuations used actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The District's OPEB actuarial valuation as of October 1, 2016, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2017, and to estimate the District's 2015-16 fiscal year ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.28 percent rate of return on invested assets, which is the District's long-term expectation of investment returns. The actuarial assumptions also included a payroll growth rate of 3.28 percent per year, projected salary increases of 3.7 to 7.8 percent per year, and an annual healthcare cost trend rate of 7 percent beginning October 1, 2016, to an ultimate rate of 4.62 percent after 24 years. The investment rate of return and projected salary increases include a general price inflation of 2.5 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a 30-year period. The remaining amortization period at June 30, 2016, was 24 years.

#### F. 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 fiscal year are carried forward and the next fiscal year's appropriations are likewise encumbered.

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

Major Funds			Total Gov
Local Capital	General Fund	Other	Funds
2,396,645	375,214	3,726	2,775,585

**Construction Contracts.** Encumbrances include the following major construction contract commitments at fiscal year-end:

Project	Contract	Balance	
	Amount	Completed	Committed
New Elementary School in South Walton	\$ 38,795,016.00	\$ 3,166,731.96	\$ 35,628,284.04
Walton High School - Athletic Improvements	6,909,812.04	5,475,153.44	1,434,658.60
South Walton High School Classroom Additions	3,600,000.00	804.20	3,599,195.80
	<u>\$49,304,828.04</u>	<u>\$ 8,642,689.60</u>	<u>\$ 40,662,138.44</u>

#### G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Walton County District School Board is a member of the Panhandle Area Educational Consortium - Risk

Management Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, sabotage and terrorism, general liability, automobile liability, workers' compensation, employee dishonesty, equipment breakdown, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Washington County District School Board serves as fiscal agent for the Consortium. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

The District's health and hospitalization insurance program is provided through purchased commercial insurance with minimum deductibles for each line of coverage.

## H. Changes in Short-Term Debt

The following is a schedule of changes in short-term debt:

GOVERNMENTAL ACTIVITIES	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Tax Anticipation Note	<u>\$ 0</u>	<u>\$ 8,100,000</u>	<u>\$ 8,100,000</u>	<u>\$ 0</u>

In August 2016, the District acquired \$8,100,000 by issuing a Tax Anticipation Note (Note), Series 2016, to meet current operating needs pending receipt of property tax proceeds. During the period December 2016 through March 2017, the District repaid the Note at par plus interest of \$34,621.

## I. Long-Term Liabilities

### 1. Certificates of Participation

The District entered into a financing arrangement on June 1, 1999, which was characterized as a master lease-purchase agreement, with the Walton County Public Education Finance Authority, Inc. (Authority), to issue certificates of participation (Certificates) and to provide a vehicle for future Certificate financings. Through such arrangements, the District secured financing of various educational facilities. Such financings are repaid from the proceeds of rents paid by the District.

Certificates of participation at June 30, 2016, are as follows:

Original:		Principal		Refund Series	Bal 6/30/17
Issue	Amount	Paid	Refunded		
1999	\$ 25,960,000	\$ 9,915,000	\$ 16,045,000	2005	\$ -
2005	16,660,000	12,830,000			3,830,000
2010	10,075,000	6,710,000			3,365,000
2015	26,100,000	1,645,000			24,455,000

As a condition of the financing arrangements, the District gave ground leases on District property to the Leasing Corporation with a rental fee of \$10 per year. The term of the ground lease for the Series 1999 and 2005 Certificates ends on the earlier of the date on which all the Series 1999 and 2005 Certificates and any refunding certificates have been paid in full, or June 30, 2029. The term of the ground lease for the Series 2010 Certificates ends on the earlier of the date on which the Series 2010 Certificates have been paid in full, or 10 years from the final maturity date of the Series 2010 Certificates and any refunding certificates. The term of the ground lease for the Series 2015 Certificates ends on the earlier of the date on which all the Series 2015 Certificates and any refunding certificates have been paid in full, or 10 years from the final maturity date of the Series 2015 Certificates and any refunding certificates. 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 as specified by the arrangements.

The District properties included in the various ground leases under these arrangements include properties at Freeport High School, South Walton High School, Emerald Coast Middle School, and Walton Middle School, which is currently under construction.

The lease payments are payable by the District semiannually on January 1 and July 1 for all Certificates Series.

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	3,825,000	1,524,102	5,349,102
2019	4,000,000	1,350,208	5,350,208
2020	2,115,000	1,167,919	3,282,919
2021	1,005,000	1,085,500	2,090,500
2022-2026	5,840,000	4,621,000	10,461,000
2027-2035	14,865,000	3,957,000	18,822,000
Total Minimum Lease Payments	\$ 31,650,000	\$ 13,705,729	\$ 45,355,729
Plus: Unamortized Premium	3,877,287		3,877,287
<b>Total Certificates of Participation</b>	<b>35,527,286.75</b>	<b>13,705,729.00</b>	<b>49,233,015.75</b>

### 2. Bonds Payable

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

	Amount	Interest Rates	Annual Maturity
Bond Type	Outstanding	(Percent)	To
State School Bonds:			
Series 2014B, Refunding	\$ 21,000	2.0 - 5.0	2020

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

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

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	17,000	990	17,990
2019	2,000	140	2,140
2020	2,000	40	2,040
Total Minimum Lease Payments	\$ 21,000	\$ 1,170	\$ 22,170
Plus: Unamortized Premium	1,543		1,543
<b>Total Certificates of Participation</b>	<b>22,543.33</b>	<b>1,170.00</b>	<b>23,713.33</b>

### 3. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificates of Participation Payable	\$ 35,340,000.00	\$ -	\$ 3,690,000.00	\$ 31,650,000.00	\$ 3,825,000.00
Unamortized Premium	3,877,286.75	-	355,886.14	3,521,400.61	339,692.43
Total Certificates of Participation Payable	\$ 39,217,286.75	\$ -	\$ 4,045,886.14	\$ 35,171,400.61	\$ 4,164,692.43
Bonds Payable	\$ 66,000.00	\$ -	\$ 45,000.00	\$ 21,000.00	\$ 17,000.00
Unamortized Premium	4,850.49	-	3,307.16	1,543.33	1,249.37
Total Bonds Payable	\$ 70,850.49	\$ -	\$ 48,307.16	\$ 22,543.33	\$ 18,249.37
Compensated Absences Payable	\$ 3,507,499.00	\$ 2,160,899.68	\$ 951,284.68	\$ 4,717,114.00	\$ 525,956.11
Other Postemployment Benefits Payable	4,152,928.00	311,926.00	248,676.00	4,216,178.00	
Net Pension Liability	28,968,430.00	21,238,636.00	6,775,802.00	43,431,264.00	497,192.33
<b>Total Governmental Activities</b>	<b>\$ 75,916,994.24</b>	<b>\$ 23,711,461.68</b>	<b>\$ 12,069,955.98</b>	<b>\$ 87,558,499.94</b>	<b>\$ 5,206,090.24</b>

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund.

### J. Fund Balance Reporting

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

- **Nonspendable Fund Balance.** Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash.
- **Restricted Fund Balance.** Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other

governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance.

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

### K. Interfund Receivables and Payables

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

	<u>Interfund</u>	
<u>Funds</u>	<u>Receivables</u>	<u>Payables</u>
Major:		
General	159,695	
Nonmajor Governmental		159,695
<b>Total</b>	<b>\$ 159,695</b>	<b>\$ 159,695</b>

Interfund receivables and payables represent amounts due for expenditures paid from one fund on behalf of the other fund. These amounts are expected to be repaid within 1 year.

### L. Revenues

#### 1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2015-16 fiscal year:

<u>Source</u>	<u>Amount</u>
Categorical Educational Program-Class Size Reduction	\$ 9,359,723.00
Florida Education Finance Program	4,581,133.00
Workforce Development Program	752,743.00
School Recognition	376,109.00
Voluntary Prekindergarten Program	606,226.00
Florida Best and Brightest Scholarship Program	190,873.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	253,057.00
Charter School Capital Outlay	159,830.00
Gross Receipts Tax (Public Education Capital Outlay)	218,338.00
Miscellaneous	170,505.00
<b>Total</b>	<b>\$ 16,668,537.00</b>

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

#### 2. Property Taxes

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

	Millages	Taxes Levied
<b>General Fund</b>		
Nonvoted School Tax:		
Required Local Effort (includes PPFAM)	2.550	\$ 41,308,026
Basic Discretionary Local Effort	0.748	\$ 12,117,021
Voted School Tax:		
Additional Operating	0.500	\$ 8,099,613
<b>Capital Projects-Local Capital Improvement Fund</b>		
Nonvoted Tax:		
Local Capital Improvements	1.393	\$ 22,565,521
<b>Total</b>	<b>5.191</b>	<b>\$ 84,090,181</b>

### M. Interfund Transfers

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

	Millages	Taxes Levied
<b>General Fund</b>		
Nonvoted School Tax:		
Required Local Effort (includes PPFAM)	2.550	\$ 41,308,026
Basic Discretionary Local Effort	0.748	\$ 12,117,021
Voted School Tax:		
Additional Operating	0.500	\$ 8,099,613
<b>Capital Projects-Local Capital Improvement Fund</b>		
Nonvoted Tax:		
Local Capital Improvements	1.393	\$ 22,565,521
<b>Total</b>	<b>5.191</b>	<b>\$ 84,090,181</b>

The District made transfers from the Capital Projects – Local Capital Improvement Fund to the General Fund to supplement maintenance operations and pay for other advertised projects and property and casualty insurance premiums, and to a nonmajor governmental debt service fund to fund annual debt service payments. The District made transfers from the Capital Projects – Other Fund to the General Fund to transfer charter school capital outlay moneys for subsequent disbursement to the charter schools.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Direct	270,000.00	270,000.00	360,631.23	90,631.23
Federal Through State and Local	60,000.00	315,945.34	392,587.40	76,642.06
State Sources	16,156,416.00	16,393,962.93	16,459,296.07	65,333.14
Local Sources:				
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	61,524,659.00	61,524,659.00	62,064,669.68	540,010.68
Other Local Revenue	2,111,495.77	3,036,523.21	2,899,471.32	(137,051.89)
Total Local Sources	63,636,154.77	64,561,182.21	64,964,141.00	402,958.79
<b>Total Revenues</b>	<b>80,122,570.77</b>	<b>81,541,090.48</b>	<b>82,176,655.70</b>	<b>635,565.22</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	47,403,221.36	48,074,664.97	45,718,779.46	2,355,885.51
Student Support Services	2,845,256.86	2,687,752.94	2,489,745.52	198,007.42
Instructional Media Services	943,765.22	983,736.60	965,459.63	18,276.97
Instruction and Curriculum Development Services	1,607,198.97	1,481,882.53	1,047,959.32	433,923.21
Instructional Staff Training Services	997,020.75	962,189.75	829,116.68	133,073.07
Instruction-Related Technology	1,623,112.59	2,516,740.08	1,427,122.72	1,089,617.36
Board	485,720.35	477,083.67	433,418.61	43,665.06
General Administration	249,623.87	274,854.41	272,461.09	2,393.32
School Administration	5,068,884.47	5,341,557.88	5,213,873.15	127,684.73
Facilities Acquisition and Construction		602,075.31	488,975.95	113,099.36
Fiscal Services	505,831.89	567,139.46	522,492.76	44,646.70
Food Services	28,595.76	21,098.85	16,448.73	4,650.12
Central Services	849,206.41	862,208.55	736,585.36	125,623.19
Student Transportation Services	5,037,804.43	5,118,743.04	5,003,311.85	115,431.19
Operation of Plant	9,019,653.28	8,365,666.85	7,978,719.13	386,947.72
Maintenance of Plant	2,050,178.14	1,999,946.65	1,893,301.81	106,644.84
Administrative Technology Services	727,872.54	673,121.57	445,024.93	228,096.64
Community Services	453,072.64	466,084.14	465,746.31	337.83
Debt Service: (Function 9200)				
Redemption of Principal				0.00
Interest	145,000.00	116,442.99	34,620.75	81,822.24
Due and Fees				0.00
Miscellaneous				0.00
Capital Outlay:				
Facilities Acquisition and Construction			137,669.28	(137,669.28)
Other Capital Outlay				0.00
<b>Total Expenditures</b>	<b>80,041,019.53</b>	<b>81,592,990.24</b>	<b>76,120,833.04</b>	<b>5,472,157.20</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>81,551.24</b>	<b>(51,899.76)</b>	<b>6,055,822.66</b>	<b>6,107,722.42</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loss Recoveries			7,225.64	7,225.64
Transfers In	2,400,000.00		2,855,994.00	2,855,994.00
Transfers Out		(45,753.54)	(44,549.48)	1,204.06
<b>Total Other Financing Sources (Uses)</b>	<b>2,400,000.00</b>	<b>(45,753.54)</b>	<b>2,818,670.16</b>	<b>2,864,423.70</b>
<b>Net Change in Fund Balances</b>	<b>2,481,551.24</b>	<b>(97,653.30)</b>	<b>8,874,492.82</b>	<b>8,972,146.12</b>
Fund Balances, July 1, 2016	13,616,526.17	13,616,526.17		0.00
Adjustments to Fund Balances			0.00	0.00
Fund Balances, June 30, 2017	16,098,077.41	13,518,872.87	22,491,018.99	8,972,146.12

Schedule of Funding Progress - Other Postemployment Benefits Plan							
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)-Note(1) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll C	UAAL as a Percentage of Covered Payroll (B-A)/C	
10/1/2010	\$ -	\$ 7,185,173	\$ 7,185,173	0.0%	\$ 33,151,003	21.7%	
10/1/2012	-	4,995,272	4,995,272	0.0%	43,110,403	11.6%	
10/1/2014	-	5,539,947	5,539,947	0.0%	41,538,892	13.3%	
10/1/2016	-	4,049,755	4,049,755	0.0%	41282874	9.8%	

Note: (1) The District's OPEB actuarial valuation used the entry age normal cost actuarial method to estimate the actuarial accrued liability.

Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (1)				
	2016	2015	2014	2013
District's proportion of the FRS net pension liability	0.103704208%	0.109342583%	0.113022439%	0.113093868%
District's proportionate share of the FRS net pension liability	\$ 26,185,394	\$ 14,123,061	\$ 6,896,031	\$ 19,468,488
District's covered-employee payroll (2)	\$ 47,295,095	\$ 44,207,768	\$ 44,557,617	\$ 42,945,352
District's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	55.37%	31.95%	15.48%	45.33%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.  
(2) Covered-employee payroll includes defined benefit plan actives, investment plan members and members in DROP.

Schedule of District Contributions - Florida Retirement System Pension Plan (1)			
	2017	2016	2015
Contractually required FRS contribution	\$ 2,703,216	\$ 2,528,992	\$ 2,665,865
FRS Contributions in relation to the contractually required contribution	\$ 2,703,216	\$ 2,665,865	\$ 2,665,865
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll (2)	\$ 47,295,095	\$ 45,717,550	\$ 44,207,768
FRS contributions as a percentage of covered-employee payroll	5.72%	5.83%	6.03%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.  
(2) Covered-employee payroll includes defined benefit plan actives, investment plan members and members in DROP.

Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (1)				
	2016	2015	2014	2013
District's proportion of the FRS net pension liability	0.147974974%	0.145565285%	0.149957201%	0.147860458%
District's proportionate share of the FRS net pension liability	\$ 17,245,870	\$ 14,845,369	\$ 14,021,364	\$ 12,873,197
District's covered-employee payroll (2)	\$ 45,717,550	\$ 44,207,768	\$ 44,557,617	\$ 42,945,352
District's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	37.72%	33.58%	31.47%	29.98%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.  
(2) Covered-employee payroll includes defined benefit plan actives, investment plan members and members in DROP.

Schedule of District Contributions - Health Insurance Subsidy Pension Plan (1)			
	2017	2016	2015
Contractually required FRS contribution	\$ 785,158	\$ 758,466	\$ 556,441
FRS Contributions in relation to the contractually required contribution	\$ 785,158	\$ 758,466	\$ 556,441
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll (2)	\$ 47,295,095	\$ 45,717,550	\$ 44,207,768
FRS contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.26%

Notes: (1) The amounts presented for each fiscal year were determined as of June 30.  
(2) Covered-employee payroll includes defined benefit plan actives, investment plan members and members in DROP.

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### 1. Budgetary Basis of Accounting

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student transportation services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent fiscal year's appropriations.

Walton County District School Board Schedule of Expenditure of Federal Awards For the Fiscal Year Ended June 30, 2017				
Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
<b>United States Department of Agriculture:</b>				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	15002	\$ 543,375.87	\$ -
National School Lunch Program	10.555 (2)	15001	1,898,762.87	-
Summer Food Service Program for Children	10.559	15006	21,390.48	-
<b>Total Child Nutrition Cluster</b>			<b>2,463,529.22</b>	<b>-</b>
Florida Department of Financial Services:				
Schools and Roads - Grants to States	10.665	None	-	-
<b>Total United States Department of Agriculture</b>			<b>2,463,529.22</b>	<b>-</b>
<b>United States Department of Education:</b>				
Direct:				
Impact Aid	84.041 (3)	N/A	292,592.32	-
Federal Pell Grant Program	84.063	N/A	535,352.36	-
<b>Total Direct</b>			<b>827,944.68</b>	<b>-</b>
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	1,532,429.83	-
Special Education - Preschool Grants	84.173	267	33,312.50	-
<b>Total Special Education Cluster</b>			<b>1,565,742.33</b>	<b>-</b>
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	2,170,415.21	-
Career and Technical Education - Basis Grants to States	84.048	161	146,766.88	-
Education for Homeless Children and Youth	84.196	127	43,928.28	-
Rural Education	84.358	110	-	-
English Language Acquisition State Grants	84.365	102	21,625.62	-
Supporting Effective Instruction State Grants	84.367	224	305,436.97	-
<b>Total Indirect</b>			<b>2,688,172.96</b>	<b>-</b>
<b>Total United States Department of Education</b>			<b>5,081,859.97</b>	<b>-</b>
<b>United States Department of Defense:</b>				
Direct:				
Air Force Junior Reserve Officers Training Corps	None	N/A	68,038.91	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 7,613,428.10</b>	<b>\$ -</b>

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance for National School Lunch Program. Includes \$189,888.46 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(3) Impact Aid. Expenditures are for grant number/program 5041A-2011-1272.



DISTRICT SCHOOL BOARD OF WALTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b-a)/c]
10/1/2016	0	4,049,755.00	4,049,755.00	0	41,282,874.00	9.81%

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2017

1. BUDGETARY BASIS OF ACCOUNTING
2. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

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

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100	270,000.00	270,000.00	360,631.23	90,631.23
Federal Through State and Local	3200	60,000.00	315,945.34	392,587.40	76,642.06
State Sources	3300	16,156,416.00	16,393,062.03	16,459,296.07	65,333.14
Local Sources:					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	61,524,659.00	61,524,659.00	62,064,669.68	540,010.68
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue		2,111,495.73	3,036,523.21	2,899,471.32	(137,051.89)
Total Local Sources	3400	63,636,154.77	64,561,182.21	64,964,141.00	402,958.79
<b>Total Revenues</b>		80,122,570.77	81,541,090.48	82,176,655.70	635,565.22
<b>EXPENDITURES</b>					
Current:					
Instruction	5000	47,403,221.36	48,074,664.97	45,718,779.46	2,355,885.51
Student Support Services	6100	2,845,256.86	2,687,757.94	2,489,745.52	198,007.42
Instructional Media Services	6200	943,765.22	983,736.60	965,459.63	18,276.97
Instruction and Curriculum Development Services	6300	1,607,198.97	1,481,882.53	1,047,959.32	433,923.21
Instructional Staff Training Services	6400	997,020.75	962,189.75	829,116.68	133,073.07
Instruction-Related Technology	6500	1,623,112.59	2,516,740.08	1,427,122.72	1,089,617.36
Board	7100	485,720.35	477,083.97	433,418.61	43,665.06
General Administration	7200	249,623.87	274,854.41	272,461.09	2,393.32
School Administration	7300	5,068,884.47	5,341,557.88	5,213,873.15	127,684.73
Facilities Acquisition and Construction	7410		602,075.31	488,975.95	113,099.36
Fiscal Services	7500	505,831.89	567,139.46	522,492.76	44,646.70
Food Services	7600	28,595.76	21,098.85	16,448.73	4,650.12
Central Services	7700	849,206.41	862,208.55	736,583.36	125,623.19
Student Transportation Services	7800	5,037,804.43	5,118,743.04	5,003,311.85	115,431.19
Operation of Plant	7900	9,019,653.28	8,365,666.85	7,978,719.13	386,947.72
Maintenance of Plant	8100	2,950,178.14	1,999,946.65	1,892,201.81	106,644.84
Administrative Technology Services	8200	727,872.54	675,121.57	445,024.93	228,096.64
Community Services	9100	453,072.64	466,084.14	465,746.31	337.83
Debt Service: (Function 9200)					
Redemption of Principal	710			0.00	0.00
Interest	720	145,000.00	116,442.99	34,620.75	81,822.24
Due and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
Capital Outlay:					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			137,669.28	(137,669.28)
<b>Total Expenditures</b>		80,041,019.53	81,592,990.24	76,120,833.04	5,472,157.20
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		81,551.24	(51,899.76)	6,055,822.66	6,107,722.42
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			7,225.64	7,225.64
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 5299)	760			0.00	0.00
Transfers In	3600	2,400,000.00		2,855,994.00	2,855,994.00
Transfers Out	9700		(45,753.54)	(44,549.48)	1,204.06
<b>Total Other Financing Sources (Uses)</b>		2,400,000.00	(45,753.54)	2,818,670.16	2,864,423.70
<b>SPECIAL ITEMS</b>					
EXTRAORDINARY ITEMS				0.00	0.00
<b>Net Change in Fund Balances</b>		2,481,551.24	(97,653.30)	8,874,492.82	8,972,146.12
Fund Balances, July 1, 2016	2800	13,616,526.17	13,616,526.17	13,616,526.17	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2017	2700	16,098,077.41	13,518,872.87	22,491,018.99	8,972,146.12

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
RESERVED FOR SPECIAL REVENUE FUNDS - FOOD SERVICES, IF MAJOR  
For the Fiscal Year Ended June 30, 2017

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100			0.00	0.00
Federal Through State and Local	3200			0.00	0.00
State Sources	3300			0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue				0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000			0.00	0.00
Student Support Services	6100			0.00	0.00
Instructional Media Services	6200			0.00	0.00
Instruction and Curriculum Development Services	6300			0.00	0.00
Instructional Staff Training Services	6400			0.00	0.00
Instruction-Related Technology	6500			0.00	0.00
Board	7100			0.00	0.00
General Administration	7200			0.00	0.00
School Administration	7300			0.00	0.00
Facilities Acquisition and Construction	7410			0.00	0.00
Fiscal Services	7500			0.00	0.00
Food Services	7600			0.00	0.00
Central Services	7700			0.00	0.00
Student Transportation Services	7800			0.00	0.00
Operation of Plant	7900			0.00	0.00
Maintenance of Plant	8100			0.00	0.00
Administrative Technology Services	8200			0.00	0.00
Community Services	9100			0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			0.00	0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 5299)	760			0.00	0.00
Transfers In	3600			0.00	0.00
Transfers Out	9700			0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>				0.00	0.00
<b>EXTRAORDINARY ITEMS</b>					
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800			0.00	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
RESERVED FOR SPECIAL REVENUE FUNDS - OTHER FEDERAL PROGRAMS, IF MAJOR  
For the Fiscal Year Ended June 30, 2017

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100			0.00	0.00
Federal Through State and Local	3200			0.00	0.00
State Sources	3300			0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue				0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000			0.00	0.00
Student Support Services	6100			0.00	0.00
Instructional Media Services	6200			0.00	0.00
Instruction and Curriculum Development Services	6300			0.00	0.00
Instructional Staff Training Services	6400			0.00	0.00
Instruction-Related Technology	6500			0.00	0.00
Board	7100			0.00	0.00
General Administration	7200			0.00	0.00
School Administration	7300			0.00	0.00
Facilities Acquisition and Construction	7410			0.00	0.00
Fiscal Services	7500			0.00	0.00
Food Services	7600			0.00	0.00
Central Services	7700			0.00	0.00
Student Transportation Services	7800			0.00	0.00
Operation of Plant	7900			0.00	0.00
Maintenance of Plant	8100			0.00	0.00
Administrative Technology Services	8200			0.00	0.00
Community Services	9100			0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			0.00	0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 5299)	760			0.00	0.00
Transfers In	3600			0.00	0.00
Transfers Out	9700			0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>				0.00	0.00
<b>EXTRAORDINARY ITEMS</b>					
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800			0.00	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
RESERVED FOR SPECIAL REVENUE FUNDS - ARRA RACE TO THE TOP, IF MAJOR  
For the Fiscal Year Ended June 30, 2017

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100			0.00	0.00
Federal Through State and Local	3200			0.00	0.00
State Sources	3300			0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue				0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000			0.00	0.00
Student Support Services	6100			0.00	0.00
Instructional Media Services	6200			0.00	0.00
Instruction and Curriculum Development Services	6300			0.00	0.00
Instructional Staff Training Services	6400			0.00	0.00
Instruction-Related Technology	6500			0.00	0.00
Board	7100			0.00	0.00
General Administration	7200			0.00	0.00
School Administration	7300			0.00	0.00
Facilities Acquisition and Construction	7410			0.00	0.00
Fiscal Services	7500			0.00	0.00
Food Services	7600			0.00	0.00
Central Services	7700			0.00	0.00
Student Transportation Services	7800			0.00	0.00
Operation of Plant	7900			0.00	0.00
Maintenance of Plant	8100			0.00	0.00
Administrative Technology Services	8200			0.00	0.00
Community Services	9100			0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			0.00	0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 5299)	760			0.00	0.00
Transfers In	3600			0.00	0.00
Transfers Out	9700			0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>				0.00	0.00
<b>EXTRAORDINARY ITEMS</b>					
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800			0.00	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
RESERVED FOR SPECIAL REVENUE FUNDS - MISCELLANEOUS, IF MAJOR  
For the Fiscal Year Ended June 30, 2017

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100			0.00	0.00
Federal Through State and Local	3200			0.00	0.00
State Sources	3300			0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423			0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423			0.00	0.00
Local Sales Taxes	3418, 3419			0.00	0.00
Charges for Service - Food Service	345X			0.00	0.00
Impact Fees	3496			0.00	0.00
Other Local Revenue				0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000			0.00	0.00
Student Support Services	6100			0.00	0.00
Instructional Media Services	6200			0.00	0.00
Instruction and Curriculum Development Services	6300			0.00	0.00
Instructional Staff Training Services	6400			0.00	0.00
Instruction-Related Technology	6500			0.00	0.00
Board	7100			0.00	0.00
General Administration	7200			0.00	0.00
School Administration	7300			0.00	0.00
Facilities Acquisition and Construction	7410			0.00	0.00
Fiscal Services	7500			0.00	0.00
Food Services	7600			0.00	0.00
Central Services	7700			0.00	0.00
Student Transportation Services	7800			0.00	0.00
Operation of Plant	7900			0.00	0.00
Maintenance of Plant	8100			0.00	0.00
Administrative Technology Services	8200			0.00	0.00
Community Services	9100			0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710			0.00	0.00
Interest	720			0.00	0.00
Dues and Fees	730			0.00	0.00
Miscellaneous	790			0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420			0.00	0.00
Other Capital Outlay	9300			0.00	0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710			0.00	0.00
Premium on Sale of Bonds	3791			0.00	0.00
Discount on Sale of Bonds	891			0.00	0.00
Proceeds of Lease-Purchase Agreements	3750			0.00	0.00
Premium on Lease-Purchase Agreements	3793			0.00	0.00
Discount on Lease-Purchase Agreements	893			0.00	0.00
Loans	3720			0.00	0.00
Sale of Capital Assets	3730			0.00	0.00
Loss Recoveries	3740			0.00	0.00
Proceeds of Forward Supply Contract	3760			0.00	0.00
Face Value of Refunding Bonds	3715			0.00	0.00
Premium on Refunding Bonds	3792			0.00	0.00
Discount on Refunding Bonds	892			0.00	0.00
Refunding Lease-Purchase Agreements	3755			0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794			0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894			0.00	0.00
Payments to Refunding Escrow Agent (Function 5299)	760			0.00	0.00
Transfers In	3600			0.00	0.00
Transfers Out	9700			0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>				0.00	0.00
<b>EXTRAORDINARY ITEMS</b>					
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800			0.00	0.00
Adjustments to Fund Balances	2891			0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Food Services 410	Other Federal Programs 420	ARRA Race to the Top 434	Miscellaneous Special Revenue 490
Special Revenue Funds					
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	31,154.94	(262,309.57)	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	15,444.03	2,787.08	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	312,935.09	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insure	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	92,297.69	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		136,896.66	53,412.60	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		136,896.66	53,412.60	0.00	0.00
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	43,384.03	44,945.31	0.00	0.00
Accounts Payable	2120	1,214.94	8,467.39	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2230	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenues	2410	0.00	0.00	0.00	0.00
Unavailable Revenues	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		44,598.97	53,412.60	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	92,297.69	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	2710	92,297.69	0.00	0.00	0.00
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	2720	0.00	0.00	0.00	0.00
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	2740	0.00	0.00	0.00	0.00
<b>Total Unassigned Fund Balances</b>	2750	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	2700	92,297.69	0.00	0.00	0.00
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		136,896.66	53,412.60	0.00	0.00

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Total Nonmajor Special Revenue Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>ASSETS</b>		
Cash and Cash Equivalents	1110	(231,154.63)
Investments	1160	0.00
Taxes Receivable, Net	1120	0.00
Accounts Receivable, Net	1131	16,231.11
Interest Receivable on Investments	1170	0.00
Due From Other Agencies	1220	312,935.09
Due From Budgetary Funds	1141	0.00
Due From Insure	1180	0.00
Deposits Receivable	1210	0.00
Due From Internal Funds	1142	0.00
Cash with Fiscal Service Agents	1114	0.00
Inventory	1150	92,297.69
Prepaid Items	1230	0.00
Long-Term Investments	1460	0.00
<b>Total Assets</b>		190,309.26
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00
<b>Total Deferred Outflows of Resources</b>		0.00
<b>Total Assets and Deferred Outflows of Resources</b>		190,309.26
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Cash Overdraft	2125	0.00
Accrued Salaries and Benefits	2110	0.00
Payroll Deductions and Withholdings	2170	88,329.34
Accounts Payable	2120	9,682.23
Sales Tax Payable	2260	0.00
Current Notes Payable	2250	0.00
Accrued Interest Payable	2210	0.00
Deposits Payable	2230	0.00
Due to Other Agencies	2230	0.00
Due to Budgetary Funds	2161	0.00
Due to Internal Funds	2162	0.00
Due to Fiscal Agent	2240	0.00
Pension Liability	2115	0.00
Other Postemployment Benefits Liability	2116	0.00
Judgments Payable	2130	0.00
Construction Contracts Payable	2140	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00
Matured Bonds Payable	2180	0.00
Matured Interest Payable	2190	0.00
Unearned Revenues	2410	0.00
Unavailable Revenues	2410	0.00
<b>Total Liabilities</b>		98,011.57
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00
Deferred Revenues	2630	0.00
<b>Total Deferred Inflows of Resources</b>		0.00
<b>FUND BALANCES</b>		
<i>Nonspendable:</i>		
Inventory	2711	92,297.69
Prepaid Amounts	2712	0.00
Permanent Fund Principal	2713	0.00
Other Not in Spendable Form	2719	0.00
<b>Total Nonspendable Fund Balances</b>	2710	92,297.69
<i>Restricted for:</i>		
Economic Stabilization	2721	0.00
Federal Required Carryover Programs	2722	0.00
State Required Carryover Programs	2723	0.00
Local Sales Tax and Other Tax Levy	2724	0.00
Debt Service	2725	0.00
Capital Projects	2726	0.00
Restricted for	2729	0.00
Restricted for	2729	0.00
<b>Total Restricted Fund Balances</b>	2720	0.00
<i>Committed to:</i>		
Economic Stabilization	2731	0.00
Contractual Agreements	2732	0.00
Committed for	2739	0.00
Committed for	2739	0.00
<b>Total Committed Fund Balances</b>	2730	0.00
<i>Assigned to:</i>		
Special Revenue	2741	0.00
Debt Service	2742	0.00
Capital Projects	2743	0.00
Permanent Fund	2744	0.00
Assigned for	2749	0.00
Assigned for	2749	0.00
<b>Total Assigned Fund Balances</b>	2740	0.00
<b>Total Unassigned Fund Balances</b>	2750	0.00
<b>Total Fund Balances</b>	2700	92,297.69
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		190,309.26

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	SHUCOH Bonds 210	Special Act Bonds 220	Sections 1011.14 & 1011.15, F.S., Loans 230	Motor Vehicle Revenue Bonds 240
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	514.35	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1124	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		<b>514.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Assets and Deferred Outflows of Resources</b>		<b>514.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2230	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenues	2410	0.00	0.00	0.00	0.00
Unavailable Revenues	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	<b>2710</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	514.35	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	<b>2720</b>	<b>514.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Committed for:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	<b>2730</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Assigned for:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	<b>2740</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Unassigned Fund Balances</b>	<b>2750</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Fund Balances</b>	<b>2700</b>	<b>514.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>514.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	District Bonds 250	Other Debt Service 290	ARRA Debt Service 299	Total Nonmajor Debt Service Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	93,769.88	0.00	93,769.88
Investments	1160	0.00	0.00	0.00	514.35
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1124	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		<b>0.00</b>	<b>93,769.88</b>	<b>0.00</b>	<b>94,284.23</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Assets and Deferred Outflows of Resources</b>		<b>0.00</b>	<b>93,769.88</b>	<b>0.00</b>	<b>94,284.23</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2230	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenues	2410	0.00	0.00	0.00	0.00
Unavailable Revenues	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	<b>2710</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	93,769.88	0.00	94,284.23
Capital Projects	2726	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	<b>2720</b>	<b>0.00</b>	<b>93,769.88</b>	<b>0.00</b>	<b>94,284.23</b>
<i>Committed for:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	<b>2730</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Assigned for:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	<b>2740</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Unassigned Fund Balances</b>	<b>2750</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Fund Balances</b>	<b>2700</b>	<b>0.00</b>	<b>93,769.88</b>	<b>0.00</b>	<b>94,284.23</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		<b>0.00</b>	<b>93,769.88</b>	<b>0.00</b>	<b>94,284.23</b>

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Capital Outlay Bond Issues (COB) 310	Special Act Bonds 320	Sections 1011.14 & 1011.15, F.S., Loans 330	Public Education Capital Outlay (PECO) 340
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1134	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insure	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2230	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenues	2410	0.00	0.00	0.00	0.00
Unavailable Revenues	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	2710	0.00	0.00	0.00	0.00
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	2720	0.00	0.00	0.00	0.00
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed to	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	2740	0.00	0.00	0.00	0.00
<b>Total Unassigned Fund Balances</b>	2750	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	2700	0.00	0.00	0.00	0.00
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		0.00	0.00	0.00	0.00

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	District Bonds 350	Capital Projects Funds Capital Outlay and Debt Service 360	Nonvoted Capital Improvement Fund 370	Voted Capital Improvement Fund 380
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	563,534.08	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1134	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	2,707.12	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Insure	1180	0.00	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00	0.00
Cash with Fiscal Service Agents	1114	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00	0.00
<b>Total Assets</b>		0.00	566,241.20	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		0.00	566,241.20	0.00	0.00
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00	0.00
Deposits Payable	2230	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00	0.00
Unearned Revenues	2410	0.00	0.00	0.00	0.00
Unavailable Revenues	2410	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Inventory	2711	0.00	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>	2710	0.00	0.00	0.00	0.00
<i>Restricted for:</i>					
Economic Stabilization	2721	0.00	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00	0.00
Capital Projects	2726	0.00	566,241.20	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>	2720	0.00	566,241.20	0.00	0.00
<i>Committed to:</i>					
Economic Stabilization	2731	0.00	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00	0.00
Committed to	2739	0.00	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>	2730	0.00	0.00	0.00	0.00
<i>Assigned to:</i>					
Special Revenue	2741	0.00	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>	2740	0.00	0.00	0.00	0.00
<b>Total Unassigned Fund Balances</b>	2750	0.00	0.00	0.00	0.00
<b>Total Fund Balances</b>	2700	0.00	566,241.20	0.00	0.00
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		0.00	566,241.20	0.00	0.00

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Other Capital Projects 390	ARRA Capital Projects 399	Total Nonmajor Capital Projects Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	1110	3.37	0.00	563,537.45
Investments	1160	0.00	0.00	0.00
Taxes Receivable, Net	1120	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	2,707.12
Due From Budgetary Funds	1141	0.00	0.00	0.00
Due From Insurer	1180	0.00	0.00	0.00
Deposits Receivable	1210	0.00	0.00	0.00
Due From Internal Funds	1142	0.00	0.00	0.00
Cash with Fiscal Service Agents	1114	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00
Prepaid Items	1230	0.00	0.00	0.00
Long-Term Investments	1460	0.00	0.00	0.00
<b>Total Assets</b>		3.37	0.00	566,244.57
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		3.37	0.00	566,244.57
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Cash Overdraft	2125	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00
Sales Tax Payable	2260	0.00	0.00	0.00
Current Notes Payable	2250	0.00	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00	0.00
Deposits Payable	2220	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00
Due to Internal Funds	2162	0.00	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00	0.00
Pension Liability	2115	0.00	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00	0.00
Judgments Payable	2130	0.00	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00	0.00
Matured Interest Payable	2190	0.00	0.00	0.00
Unearned Revenues	2410	0.00	0.00	0.00
Unavailable Revenues	2410	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00
Deferred Revenues	2630	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00
<b>FUND BALANCES</b>				
<i>Nonspendable:</i>				
Inventory	2711	0.00	0.00	0.00
Prepaid Amounts	2712	0.00	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00	0.00
<b>Total Nonspendable Fund Balances</b>		0.00	0.00	0.00
<i>Restricted for:</i>				
Economic Stabilization	2721	0.00	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00	0.00
Debt Service	2725	0.00	0.00	0.00
Capital Projects	2726	3.37	0.00	566,244.57
Restricted for	2729	0.00	0.00	0.00
Restricted for	2729	0.00	0.00	0.00
<b>Total Restricted Fund Balances</b>		3.37	0.00	566,244.57
<i>Committed to:</i>				
Economic Stabilization	2731	0.00	0.00	0.00
Contractual Agreements	2732	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00
Committed for	2739	0.00	0.00	0.00
<b>Total Committed Fund Balances</b>		0.00	0.00	0.00
<i>Assigned to:</i>				
Special Revenue	2741	0.00	0.00	0.00
Debt Service	2742	0.00	0.00	0.00
Capital Projects	2743	0.00	0.00	0.00
Permanent Fund	2744	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00
Assigned for	2749	0.00	0.00	0.00
<b>Total Assigned Fund Balances</b>		0.00	0.00	0.00
<b>Total Unassigned Fund Balances</b>		0.00	0.00	0.00
<b>Total Fund Balances</b>		3.37	0.00	566,244.57
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		3.37	0.00	566,244.57

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2017

	Account Number	Permanent Funds 000	Total Nonmajor Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>ASSETS</b>			
Cash and Cash Equivalents	1110	0.00	426,152.70
Investments	1160	0.00	514.35
Taxes Receivable, Net	1120	0.00	0.00
Accounts Receivable, Net	1131	0.00	16,231.11
Interest Receivable on Investments	1170	0.00	0.00
Due From Other Agencies	1220	0.00	315,642.21
Due From Budgetary Funds	1141	0.00	0.00
Due From Insurer	1180	0.00	0.00
Deposits Receivable	1210	0.00	0.00
Due From Internal Funds	1142	0.00	0.00
Cash with Fiscal Service Agents	1114	0.00	0.00
Inventory	1150	0.00	92,297.69
Prepaid Items	1230	0.00	0.00
Long-Term Investments	1460	0.00	0.00
<b>Total Assets</b>		0.00	850,838.06
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00
<b>Total Assets and Deferred Outflows of Resources</b>		0.00	850,838.06
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Cash Overdraft	2125	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	88,129.54
Accounts Payable	2120	0.00	9,682.23
Sales Tax Payable	2260	0.00	0.00
Current Notes Payable	2250	0.00	0.00
Accrued Interest Payable	2210	0.00	0.00
Deposits Payable	2220	0.00	0.00
Due to Other Agencies	2230	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00
Due to Internal Funds	2162	0.00	0.00
Due to Fiscal Agent	2240	0.00	0.00
Pension Liability	2115	0.00	0.00
Other Postemployment Benefits Liability	2116	0.00	0.00
Judgments Payable	2130	0.00	0.00
Construction Contracts Payable	2140	0.00	0.00
Construction Contracts Payable - Retained Percentage	2150	0.00	0.00
Matured Bonds Payable	2180	0.00	0.00
Matured Interest Payable	2190	0.00	0.00
Unearned Revenues	2410	0.00	0.00
Unavailable Revenues	2410	0.00	0.00
<b>Total Liabilities</b>		0.00	98,811.57
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00
Deferred Revenues	2630	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00
<b>FUND BALANCES</b>			
<i>Nonspendable:</i>			
Inventory	2711	0.00	92,297.69
Prepaid Amounts	2712	0.00	0.00
Permanent Fund Principal	2713	0.00	0.00
Other Not in Spendable Form	2719	0.00	0.00
<b>Total Nonspendable Fund Balances</b>		0.00	92,297.69
<i>Restricted for:</i>			
Economic Stabilization	2721	0.00	0.00
Federal Required Carryover Programs	2722	0.00	0.00
State Required Carryover Programs	2723	0.00	0.00
Local Sales Tax and Other Tax Levy	2724	0.00	0.00
Debt Service	2725	0.00	94,284.23
Capital Projects	2726	0.00	566,244.57
Restricted for	2729	0.00	0.00
Restricted for	2729	0.00	0.00
<b>Total Restricted Fund Balances</b>		0.00	660,528.80
<i>Committed to:</i>			
Economic Stabilization	2731	0.00	0.00
Contractual Agreements	2732	0.00	0.00
Committed for	2739	0.00	0.00
Committed for	2739	0.00	0.00
<b>Total Committed Fund Balances</b>		0.00	0.00
<i>Assigned to:</i>			
Special Revenue	2741	0.00	0.00
Debt Service	2742	0.00	0.00
Capital Projects	2743	0.00	0.00
Permanent Fund	2744	0.00	0.00
Assigned for	2749	0.00	0.00
Assigned for	2749	0.00	0.00
<b>Total Assigned Fund Balances</b>		0.00	0.00
<b>Total Unassigned Fund Balances</b>		0.00	0.00
<b>Total Fund Balances</b>		0.00	752,826.49
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>		0.00	850,838.06

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



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

	Account Number	Special Revenue Funds			
		Food Services 410	Other Federal Programs 420	ARRA Race to the Top 434	Miscellaneous Special Revenue 490
<b>REVENUES</b>					
Federal Direct	3100	0.00	535,352.36	0.00	0.00
Federal Through State and Local	3200	2,653,417.68	4,253,915.29	0.00	0.00
State Sources	3300	40,652.00	0.00	0.00	0.00
Local Sources:					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	343X	461,849.43	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		2,448.05	0.00	0.00	0.00
Total Local Sources	3400	464,297.48	0.00	0.00	0.00
<b>Total Revenues</b>		<b>3,158,367.16</b>	<b>4,789,267.65</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	5000	0.00	1,849,851.62	0.00	0.00
Student Support Services	6100	0.00	73,023.10	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	1,392,443.67	0.00	0.00
Instructional Staff Training Services	6400	0.00	691,189.15	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	159,695.23	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	3,210,571.19	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	535,352.36	0.00	0.00
Debt Service - (Function 9200)					
Redemption of Principal	710	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Dues and Fees	730	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
Capital Outlay:					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	0.00	87,712.52	0.00	0.00
<b>Total Expenditures</b>		<b>3,210,571.19</b>	<b>4,789,267.65</b>	<b>0.00</b>	<b>0.00</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<b>(52,204.03)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	0.00	0.00
Transfers In	3600	44,549.48	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		<b>44,549.48</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>SPECIAL ITEMS</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXTRAORDINARY ITEMS</b>					
Net Change in Fund Balances		(7,654.55)	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800	99,952.24	0.00	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	92,297.69	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	Total Nonmajor Special Revenue Funds	
<b>REVENUES</b>			
Federal Direct	3100	535,352.36	
Federal Through State and Local	3200	6,907,332.97	
State Sources	3300	40,652.00	
Local Sources:			
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423		0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423		0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423		0.00
Local Sales Taxes	3418, 3419		0.00
Charges for Service - Food Service	343X	461,849.43	
Impact Fees	3496	0.00	
Other Local Revenue		2,448.05	
Total Local Sources	3400	464,297.48	
<b>Total Revenues</b>		<b>7,947,634.81</b>	
<b>EXPENDITURES</b>			
Current:			
Instruction	5000	1,849,851.62	
Student Support Services	6100	73,023.10	
Instructional Media Services	6200	0.00	
Instruction and Curriculum Development Services	6300	1,392,443.67	
Instructional Staff Training Services	6400	691,189.15	
Instruction-Related Technology	6500	0.00	
Board	7100	0.00	
General Administration	7200	159,695.23	
School Administration	7300	0.00	
Facilities Acquisition and Construction	7410	0.00	
Fiscal Services	7500	0.00	
Food Services	7600	3,210,571.19	
Central Services	7700	0.00	
Student Transportation Services	7800	0.00	
Operation of Plant	7900	0.00	
Maintenance of Plant	8100	0.00	
Administrative Technology Services	8200	0.00	
Community Services	9100	535,352.36	
Debt Service - (Function 9200)			
Redemption of Principal	710	0.00	
Interest	720	0.00	
Dues and Fees	730	0.00	
Miscellaneous	790	0.00	
Capital Outlay:			
Facilities Acquisition and Construction	7420	0.00	
Other Capital Outlay	9300	87,712.52	
<b>Total Expenditures</b>		<b>7,999,838.34</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<b>(52,204.03)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Bonds	3710	0.00	
Premium on Sale of Bonds	3791	0.00	
Discount on Sale of Bonds	891	0.00	
Proceeds of Lease-Purchase Agreements	3750	0.00	
Premium on Lease-Purchase Agreements	3793	0.00	
Discount on Lease-Purchase Agreements	893	0.00	
Loans	3720	0.00	
Sale of Capital Assets	3730	0.00	
Loss Recoveries	3740	0.00	
Proceeds of Forward Supply Contract	3760	0.00	
Proceeds from Special Facility Construction Account	3770	0.00	
Face Value of Refunding Bonds	3715	0.00	
Premium on Refunding Bonds	3792	0.00	
Discount on Refunding Bonds	892	0.00	
Refunding Lease-Purchase Agreements	3755	0.00	
Premium on Refunding Lease-Purchase Agreements	3794	0.00	
Discount on Refunding Lease-Purchase Agreements	894	0.00	
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	
Transfers In	3600	44,549.48	
Transfers Out	9700	0.00	
<b>Total Other Financing Sources (Uses)</b>		<b>44,549.48</b>	
<b>SPECIAL ITEMS</b>		<b>0.00</b>	
<b>EXTRAORDINARY ITEMS</b>			
Net Change in Fund Balances		(7,654.55)	
Fund Balances, July 1, 2016	2800	99,952.24	
Adjustments to Fund Balances	2891	0.00	
Fund Balances, June 30, 2017	2700	92,297.69	

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	SBE/COBI Bonds 210	Special Act Bonds 220	Section 1011.14 & 1011.15, F.S., Loans 230	Motor Vehicle Revenue Bonds 240
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00	0.00
State Sources	3300	47,106.20	0.00	0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	3453	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		47,106.20	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710	45,000.00	0.00	0.00	0.00
Interest	720	3,240.00	0.00	0.00	0.00
Dues and Fees	730	14.95	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>		48,254.95	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(1,148.66)	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Leases	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
EXTRAORDINARY ITEMS		0.00	0.00	0.00	0.00
<b>Net Change in Fund Balances</b>		(1,148.66)	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800	1,463.01	0.00	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	514.35	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
ESE: 145DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	District Bonds 250	Other Debt Service 290	ARRA Debt Service 299	Total Nonmajor Debt Service Funds
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00	0.00
State Sources	3300	0.00	0.00	0.00	47,106.20
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	3453	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	47,106.20
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710	0.00	3,690,000.00	0.00	3,735,000.00
Interest	720	0.00	1,660,890.00	0.00	1,664,130.00
Dues and Fees	730	0.00	9,293.43	0.00	9,308.29
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>		0.00	5,360,183.43	0.00	5,408,438.29
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	(5,360,183.43)	0.00	(5,361,332.09)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Leases	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	5,353,987.81	0.00	5,353,987.81
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	5,353,987.81	0.00	5,353,987.81
<b>SPECIAL ITEMS</b>					
EXTRAORDINARY ITEMS		0.00	0.00	0.00	0.00
<b>Net Change in Fund Balances</b>		0.00	(6,195.62)	0.00	(7,344.28)
Fund Balances, July 1, 2016	2800	99,940.51	0.00	0.00	101,628.11
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	93,769.88	0.00	94,284.23

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

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

	Account Number	Capital Outlay Bond Issues (COBI) 310	Special Act Bonds 320	Sections 1011.14 & 1011.15, F.S., Loans 330	Public Education Capital Outlay (PECO) 340
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00	0.00
State Sources	3300	0.00	0.00	0.00	218,338.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	218,338.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Dues and Fees	730	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	218,338.00
Other Capital Outlay	9300	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	218,338.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 5299)	760	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
EXTRAORDINARY ITEMS					
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800	0.00	0.00	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
ESE 145DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	District Bonds 350	Capital Projects Funds Capital Outlay and Debt Service 360	Nonvoted Capital Improvement Fund 370	Voted Capital Improvement Fund 380
<b>REVENUES</b>					
Federal Direct	3100	0.00	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00	0.00
State Sources	3300	0.00	253,057.47	0.00	0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00	0.00
Other Local Revenue		0.00	0.00	0.00	0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	253,057.47	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000	0.00	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00	0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Dues and Fees	730	0.00	228.17	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420	0.00	0.00	0.00	0.00
Other Capital Outlay	9300	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>		0.00	228.17	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	252,829.30	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710	0.00	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 5299)	760	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
EXTRAORDINARY ITEMS					
<b>Net Change in Fund Balances</b>		0.00	252,829.30	0.00	0.00
Fund Balances, July 1, 2016	2800	0.00	313,411.30	0.00	0.00
Adjustments to Fund Balances	2891	0.00	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	0.00	566,241.20	0.00	0.00

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

**DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017**

	Account Number	Other Capital Projects 390	ARRA Capital Projects 399	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>				
Federal Direct	3100	0.00	0.00	0.00
Federal Through State and Local	3200	0.00	0.00	0.00
State Sources	3300	159,830.00	0.00	631,225.47
<i>Local Sources:</i>				
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00	0.00
Charges for Service - Food Service	345X	0.00	0.00	0.00
Impact Fees	3496	0.00	0.00	0.00
Other Local Revenue		157.54	0.00	157.54
Total Local Sources	3400	157.54	0.00	157.54
<b>Total Revenues</b>		159,987.54	0.00	631,383.01
<b>EXPENDITURES</b>				
<i>Current:</i>				
Instruction	5000	0.00	0.00	0.00
Student Support Services	6100	0.00	0.00	0.00
Instructional Media Services	6200	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00
School Administration	7300	0.00	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00	0.00
Fiscal Services	7500	0.00	0.00	0.00
Food Services	7600	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00
Student Transportation Services	7800	0.00	0.00	0.00
Operation of Plant	7900	0.00	0.00	0.00
Maintenance of Plant	8100	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00
Community Services	9100	0.00	0.00	0.00
<i>Debt Service: (Function 9200)</i>				
Redemption of Principal	710	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00
Dues and Fees	730	0.00	228.17	228.17
Miscellaneous	790	0.00	0.00	0.00
<i>Capital Outlay:</i>				
Facilities Acquisition and Construction	7420	3,233,904.85	0.00	3,452,242.85
Other Capital Outlay	9300	0.00	0.00	0.00
<b>Total Expenditures</b>		3,233,904.85	0.00	3,452,471.02
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(3,073,917.31)	0.00	(2,821,088.01)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Bonds	3710	0.00	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00	0.00
Loans	3720	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00	0.00
Transfers In	3600	96,374.06	0.00	96,374.06
Transfers Out	9700	(159,830.00)	0.00	(159,830.00)
<b>Total Other Financing Sources (Uses)</b>		(63,455.94)	0.00	(63,455.94)
<b>SPECIAL ITEMS</b>				
<b>EXTRAORDINARY ITEMS</b>				
<b>Net Change in Fund Balances</b>		(3,137,373.25)	0.00	(2,884,543.95)
Fund Balances, July 1, 2016	2800	3,137,376.62	0.00	3,450,788.52
Adjustments to Fund Balances	2891	0.00	0.00	0.00
Fund Balances, June 30, 2017	2700	3.37	0.00	566,244.57

The notes to financial statements are an integral part of this statement.  
ESE 145**DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2017**

	Account Number	Permanent Funds 000	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Federal Direct	3100	0.00	535,352.36
Federal Through State and Local	3200	0.00	6,807,332.97
State Sources	3300	0.00	718,963.67
<i>Local Sources:</i>			
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423	0.00	0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423	0.00	0.00
Local Sales Taxes	3418, 3419	0.00	0.00
Charges for Service - Food Service	345X	0.00	461,849.43
Impact Fees	3496	0.00	0.00
Other Local Revenue		0.00	2,605.59
Total Local Sources	3400	0.00	464,455.02
<b>Total Revenues</b>		0.00	8,626,134.02
<b>EXPENDITURES</b>			
<i>Current:</i>			
Instruction	5000	0.00	1,849,851.62
Student Support Services	6100	0.00	73,023.10
Instructional Media Services	6200	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	1,392,443.67
Instructional Staff Training Services	6400	0.00	691,180.15
Instruction-Related Technology	6500	0.00	0.00
Board	7100	0.00	0.00
General Administration	7200	0.00	159,695.23
School Administration	7300	0.00	0.00
Facilities Acquisition and Construction	7410	0.00	0.00
Fiscal Services	7500	0.00	0.00
Food Services	7600	0.00	3,210,571.19
Central Services	7700	0.00	0.00
Student Transportation Services	7800	0.00	0.00
Operation of Plant	7900	0.00	0.00
Maintenance of Plant	8100	0.00	0.00
Administrative Technology Services	8200	0.00	0.00
Community Services	9100	0.00	535,352.36
<i>Debt Service: (Function 9200)</i>			
Redemption of Principal	710	0.00	3,735,000.00
Interest	720	0.00	1,664,130.00
Dues and Fees	730	0.00	9,536.46
Miscellaneous	790	0.00	0.00
<i>Capital Outlay:</i>			
Facilities Acquisition and Construction	7420	0.00	3,452,242.85
Other Capital Outlay	9300	0.00	87,712.52
<b>Total Expenditures</b>		0.00	16,860,148.15
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	(8,234,014.13)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Bonds	3710	0.00	0.00
Premium on Sale of Bonds	3791	0.00	0.00
Discount on Sale of Bonds	891	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00
Premium on Lease-Purchase Agreements	3793	0.00	0.00
Discount on Lease-Purchase Agreements	893	0.00	0.00
Loans	3720	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00
Loss Recoveries	3740	0.00	0.00
Proceeds of Forward Supply Contract	3760	0.00	0.00
Proceeds from Special Facility Construction Account	3770	0.00	0.00
Face Value of Refunding Bonds	3715	0.00	0.00
Premium on Refunding Bonds	3792	0.00	0.00
Discount on Refunding Bonds	892	0.00	0.00
Refunding Lease-Purchase Agreements	3755	0.00	0.00
Premium on Refunding Lease-Purchase Agreements	3794	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	894	0.00	0.00
Payments to Refunding Escrow Agent (Function 9299)	760	0.00	0.00
Transfers In	3600	0.00	5,494,911.33
Transfers Out	9700	0.00	(159,830.00)
<b>Total Other Financing Sources (Uses)</b>		0.00	5,335,081.33
<b>SPECIAL ITEMS</b>			
<b>EXTRAORDINARY ITEMS</b>			
<b>Net Change in Fund Balances</b>		0.00	0.00
Fund Balances, July 1, 2016	2800	0.00	(2,899,542.79)
Adjustments to Fund Balances	2891	0.00	3,652,369.27
Fund Balances, June 30, 2017	2700	0.00	752,826.49

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
For the Fiscal Year Ended June 30, 2017

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100				0.00
Federal Through State and Local	3200				0.00
State Sources	3300				0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423				0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423				0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423				0.00
Local Sales Taxes	3418, 3419				0.00
Charges for Service - Food Service	345X				0.00
Impact Fees	3496				0.00
Other Local Revenue					0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000				0.00
Student Support Services	6100				0.00
Instructional Media Services	6200				0.00
Instruction and Curriculum Development Services	6300				0.00
Instructional Staff Training Services	6400				0.00
Instruction-Related Technology	6500				0.00
Board	7100				0.00
General Administration	7200				0.00
School Administration	7300				0.00
Facilities Acquisition and Construction	7410				0.00
Fiscal Services	7500				0.00
Food Services	7600				0.00
Central Services	7700				0.00
Student Transportation Services	7800				0.00
Operation of Plant	7900				0.00
Maintenance of Plant	8100				0.00
Administrative Technology Services	8200				0.00
Community Services	9100				0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710				0.00
Interest	720				0.00
Dues and Fees	730				0.00
Miscellaneous	790				0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420				0.00
Other Capital Outlay	9300				0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710				0.00
Premium on Sale of Bonds	3791				0.00
Discount on Sale of Bonds	891				0.00
Proceeds of Lease-Purchase Agreements	3750				0.00
Premium on Lease-Purchase Agreements	3793				0.00
Discount on Lease-Purchase Agreements	893				0.00
Loans	3720				0.00
Sale of Capital Assets	3730				0.00
Loss Recoveries	3740				0.00
Proceeds of Forward Supply Contract	3760				0.00
Face Value of Refunding Bonds	3715				0.00
Premium on Refunding Bonds	3792				0.00
Discount on Refunding Bonds	892				0.00
Refunding Lease-Purchase Agreements	3755				0.00
Premium on Refunding Lease-Purchase Agreements	3794				0.00
Discount on Refunding Lease-Purchase Agreements	894				0.00
Payments to Refunding Escrow Agent (Function 5299)	760				0.00
Transfers In	3600				0.00
Transfers Out	9700				0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
EXTRAORDINARY ITEMS					0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800				0.00
Adjustments to Fund Balances	2891				0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

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

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100				0.00
Federal Through State and Local	3200				0.00
State Sources	3300				0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423				0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423				0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423				0.00
Local Sales Taxes	3418, 3419				0.00
Charges for Service - Food Service	345X				0.00
Impact Fees	3496				0.00
Other Local Revenue					0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000				0.00
Student Support Services	6100				0.00
Instructional Media Services	6200				0.00
Instruction and Curriculum Development Services	6300				0.00
Instructional Staff Training Services	6400				0.00
Instruction-Related Technology	6500				0.00
Board	7100				0.00
General Administration	7200				0.00
School Administration	7300				0.00
Facilities Acquisition and Construction	7410				0.00
Fiscal Services	7500				0.00
Food Services	7600				0.00
Central Services	7700				0.00
Student Transportation Services	7800				0.00
Operation of Plant	7900				0.00
Maintenance of Plant	8100				0.00
Administrative Technology Services	8200				0.00
Community Services	9100				0.00
<i>Debt Service: (Function 9200)</i>					
Redemption of Principal	710				0.00
Interest	720				0.00
Dues and Fees	730				0.00
Miscellaneous	790				0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420				0.00
Other Capital Outlay	9300				0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710				0.00
Premium on Sale of Bonds	3791				0.00
Discount on Sale of Bonds	891				0.00
Proceeds of Lease-Purchase Agreements	3750				0.00
Premium on Lease-Purchase Agreements	3793				0.00
Discount on Lease-Purchase Agreements	893				0.00
Loans	3720				0.00
Sale of Capital Assets	3730				0.00
Loss Recoveries	3740				0.00
Proceeds of Forward Supply Contract	3760				0.00
Face Value of Refunding Bonds	3715				0.00
Premium on Refunding Bonds	3792				0.00
Discount on Refunding Bonds	892				0.00
Refunding Lease-Purchase Agreements	3755				0.00
Premium on Refunding Lease-Purchase Agreements	3794				0.00
Discount on Refunding Lease-Purchase Agreements	894				0.00
Payments to Refunding Escrow Agent (Function 5299)	760				0.00
Transfers In	3600				0.00
Transfers Out	9700				0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
EXTRAORDINARY ITEMS					0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800				0.00
Adjustments to Fund Balances	2891				0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

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

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100				0.00
Federal Through State and Local	3200				0.00
State Sources	3300				0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423				0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423				0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423				0.00
Local Sales Taxes	3418, 3419				0.00
Charges for Service - Food Service	345X				0.00
Impact Fees	3496				0.00
Other Local Revenue					0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000				0.00
Student Support Services	6100				0.00
Instructional Media Services	6200				0.00
Instruction and Curriculum Development Services	6300				0.00
Instructional Staff Training Services	6400				0.00
Instruction-Related Technology	6500				0.00
Board	7100				0.00
General Administration	7200				0.00
School Administration	7300				0.00
Facilities Acquisition and Construction	7410				0.00
Fiscal Services	7500				0.00
Food Services	7600				0.00
Central Services	7700				0.00
Student Transportation Services	7800				0.00
Operation of Plant	7900				0.00
Maintenance of Plant	8100				0.00
Administrative Technology Services	8200				0.00
Community Services	9100				0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710				0.00
Interest	720				0.00
Dues and Fees	730				0.00
Miscellaneous	790				0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420				0.00
Other Capital Outlay	9300				0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710				0.00
Premium on Sale of Bonds	3791				0.00
Discount on Sale of Bonds	891				0.00
Proceeds of Lease-Purchase Agreements	3750				0.00
Premium on Lease-Purchase Agreements	3793				0.00
Discount on Lease-Purchase Agreements	893				0.00
Loans	3720				0.00
Sale of Capital Assets	3730				0.00
Loss Recoveries	3740				0.00
Proceeds of Forward Supply Contract	3760				0.00
Proceeds from Special Facility Construction Account	3770				0.00
Face Value of Refunding Bonds	3715				0.00
Premium on Refunding Bonds	3792				0.00
Discount on Refunding Bonds	892				0.00
Refunding Lease-Purchase Agreements	3755				0.00
Premium on Refunding Lease-Purchase Agreements	3794				0.00
Discount on Refunding Lease-Purchase Agreements	894				0.00
Payments to Refunding Escrow Agent (Function 9299)	760				0.00
Transfers In	3600				0.00
Transfers Out	9700				0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					0.00
<b>EXTRAORDINARY ITEMS</b>					0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800				0.00
Adjustments to Fund Balances	2891				0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PERMANENT FUNDS  
For the Fiscal Year Ended June 30, 2017

	Account Number	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
Federal Direct	3100				0.00
Federal Through State and Local	3200				0.00
State Sources	3300				0.00
<i>Local Sources:</i>					
Property Taxes Levied, Tax Redemptions and Excess Fees for Operational Purposes	3411, 3421, 3423				0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Debt Service	3412, 3421, 3423				0.00
Property Taxes Levied, Tax Redemptions and Excess Fees for Capital Projects	3413, 3421, 3423				0.00
Local Sales Taxes	3418, 3419				0.00
Charges for Service - Food Service	345X				0.00
Impact Fees	3496				0.00
Other Local Revenue					0.00
Total Local Sources	3400	0.00	0.00	0.00	0.00
<b>Total Revenues</b>		0.00	0.00	0.00	0.00
<b>EXPENDITURES</b>					
<i>Current:</i>					
Instruction	5000				0.00
Student Support Services	6100				0.00
Instructional Media Services	6200				0.00
Instruction and Curriculum Development Services	6300				0.00
Instructional Staff Training Services	6400				0.00
Instruction-Related Technology	6500				0.00
Board	7100				0.00
General Administration	7200				0.00
School Administration	7300				0.00
Facilities Acquisition and Construction	7410				0.00
Fiscal Services	7500				0.00
Food Services	7600				0.00
Central Services	7700				0.00
Student Transportation Services	7800				0.00
Operation of Plant	7900				0.00
Maintenance of Plant	8100				0.00
Administrative Technology Services	8200				0.00
Community Services	9100				0.00
<i>Debt Service - (Function 9200)</i>					
Redemption of Principal	710				0.00
Interest	720				0.00
Dues and Fees	730				0.00
Miscellaneous	790				0.00
<i>Capital Outlay:</i>					
Facilities Acquisition and Construction	7420				0.00
Other Capital Outlay	9300				0.00
<b>Total Expenditures</b>		0.00	0.00	0.00	0.00
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		0.00	0.00	0.00	0.00
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Bonds	3710				0.00
Premium on Sale of Bonds	3791				0.00
Discount on Sale of Bonds	891				0.00
Proceeds of Lease-Purchase Agreements	3750				0.00
Premium on Lease-Purchase Agreements	3793				0.00
Discount on Lease-Purchase Agreements	893				0.00
Loans	3720				0.00
Sale of Capital Assets	3730				0.00
Loss Recoveries	3740				0.00
Proceeds of Forward Supply Contract	3760				0.00
Face Value of Refunding Bonds	3715				0.00
Premium on Refunding Bonds	3792				0.00
Discount on Refunding Bonds	892				0.00
Refunding Lease-Purchase Agreements	3755				0.00
Premium on Refunding Lease-Purchase Agreements	3794				0.00
Discount on Refunding Lease-Purchase Agreements	894				0.00
Payments to Refunding Escrow Agent (Function 9299)	760				0.00
Transfers In	3600				0.00
Transfers Out	9700				0.00
<b>Total Other Financing Sources (Uses)</b>		0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					0.00
<b>EXTRAORDINARY ITEMS</b>					0.00
<b>Net Change in Fund Balances</b>		0.00	0.00	0.00	0.00
Fund Balances, July 1, 2016	2800				0.00
Adjustments to Fund Balances	2891				0.00
Fund Balances, June 30, 2017	2700	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2017

[illegible]

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

**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

[illegible]

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Fiscal Year Ended June 30, 2017

	Self-Insurance 911	Self-Insurance 912	Self-Insurance 913	Self-Insurance 914	ARRA - Consortium 915	Other 921	Other 922	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receipts from interfund services provided	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to suppliers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments for interfund services used	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receipts (payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Subsidies from operating grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers to other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by noncapital financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from disposition of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition and construction of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal paid on capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid on capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by capital and related financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sales and maturities of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest and dividends received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by investing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net increase (decrease) in cash and cash equivalents</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and cash equivalents - July 1, 2016</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and cash equivalents - June 30, 2017</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>								
Operating income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation/Amortization expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commodities used from USDA program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in assets and liabilities:								
(Increase) decrease in accounts receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in interest receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from insurer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in deposits receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in prepaid items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in pension	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in salaries and benefits payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in payroll tax liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in accounts payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in cash received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in judgments payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in sales tax payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in accrued interest payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in deposits payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in due to other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in due to other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in unearned revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in pension	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in postemployment benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in estimated unpaid claims - Self-Insurance Program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase (decrease) in estimated liability for claims adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total adjustments</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by operating activities:</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Noncash investing, capital and financing activities:</b>								
Borrowing under capital lease	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of equipment on account	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital asset trade-ins	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net increase(decrease) in the fair value of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commodities received through USDA program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2017

	Account Number	Self-Insurance 911	Self-Insurance 912	Self-Insurance 913	Self-Insurance 914	Self-Insurance 915	Concession Programs 921	Other Special Service 922	Total Special Service Funds
<b>ASSETS</b>									
Cash and Cash Equivalents	1100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments	1101	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Insurance Funds	1150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	1160	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and Cash Equivalents	1170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1190	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1220	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1230	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1250	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1260	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1270	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1280	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1290	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1310	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1320	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1330	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1340	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1350	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1360	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1370	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1380	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1390	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1410	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1420	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1430	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1440	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1450	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1460	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1470	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1480	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1490	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1510	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1520	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1530	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1540	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1550	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1560	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1570	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1580	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1590	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1610	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1620	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1630	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1640	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1650	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1660	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1670	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1680	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1690	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1710	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1720	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1730	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1740	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1750	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1760	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1770	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1780	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1790	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1800	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1810	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1820	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1830	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1840	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1850	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1860	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1870	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1880	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1890	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1900	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1910	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1920	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1930	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1940	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1950	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1960	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1970	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2030	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2040	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2050	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2060	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2070	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2080	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2090	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2160	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2190	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2220	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2230	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2250	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2260	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2270	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2280	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2290	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2310	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2320	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2330	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2340	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2350	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2360	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2370	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2380	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies	2390								



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

	Account Number	Self-Insurance 711	Self-Insurance 712	Self-Insurance 713	Self-Insurance 714	Self-Insurance 715	Consortium Programs 731	Other Internal Service 791	Total Internal Service Funds
<b>OPERATING REVENUES</b>									
Charges for Services	3481	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Charges for Sales	3482	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium Revenue	3484	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Revenues	3489	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Revenues</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>OPERATING EXPENSES</b>									
Salaries	100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Energy Services	400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Materials and Supplies	500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Outlay	600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation/Amortization Expense	700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Expenses</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Operating Income (Loss)</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Investment Income	3430	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants, Gifts and Bequests	3440	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Miscellaneous Local Sources	3455	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gain on Disposition of Assets	3780	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loss on Disposition of Assets	810	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Nonoperating Revenues (Expenses)</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Income (Loss) Before Operating Transfers</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers In	3600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>									
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EXTRAORDINARY ITEMS</b>									
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Position, July 1, 2016	2980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments to Net Position	2990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Position, June 30, 2017	2780	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2017

	Self-Insurance 711	Self-Insurance 712	Self-Insurance 713	Self-Insurance 714	Self-Insurance 715	Consortium Programs 731	Other Internal Service 791	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receipts from interfund services provided	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to suppliers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments to employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments for interfund services used	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receipts (payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Subsidies from operating grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers to other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by noncapital financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from disposition of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition and construction of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal paid on capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid on capital debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by capital and related financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sales and maturities of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest and dividends received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by investing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and cash equivalents - July 1, 2016</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and cash equivalents - June 30, 2017</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>								
Operating income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation/Amortization expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commodities used from USDA program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Change in assets and liabilities:</b>								
(Increase) decrease in accounts receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in interest receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in deposits receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due from other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in prepaid items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in accounts payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in salaries and benefits payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in prepaid tax liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in accounts payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in cash over/short	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in judgments payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in sales tax payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in accrued interest payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in deposits payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due to other funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in due to other agencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in unearned revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in postemployment benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in estimated unpaid claims - Self-Insurance Program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Increase) decrease in estimated liability for claims adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total adjustments</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash investing, capital and financing activities:</b>								
Borrowing under capital lease	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contributions of capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of equipment on account	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital asset trade-in	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net increase (decrease) in the fair value of investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commodities received through USDA program	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
INVESTMENT TRUST FUNDS  
June 30, 2017**

	Account Number	Investment Trust Fund Name 84X	Investment Trust Fund Name 84X	Investment Trust Fund Name 84X	Total Investment Trust Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	0.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150				
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
Pension	1940				
Other Postemployment Benefits	1950	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Internal Accounts Payable	2290	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Pension	2640				
Other Postemployment Benefits	2650	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>NET POSITION</b>					
Held in Trust for Pension Benefits	2785	0.00	0.00	0.00	0.00
Held in Trust for Other Purposes	2785	0.00	0.00	0.00	0.00
<b>Total Net Position</b>		0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
INVESTMENT TRUST FUNDS  
For the Fiscal Year Ended June 30, 2017**

	Account Number	Investment Trust Fund Name 84X	Investment Trust Fund Name 84X	Investment Trust Fund Name 84X	Total Investment Trust Funds
<b>ADDITIONS</b>					
<i>Contributions:</i>					
Employer		0.00	0.00	0.00	0.00
Plan Members		0.00	0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00	0.00
<i>Investment Income:</i>					
Interest on Investments	3431	0.00	0.00	0.00	0.00
Gain on Sale of Investments	3432	0.00	0.00	0.00	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	0.00	0.00	0.00	0.00
Total Investment Income		0.00	0.00	0.00	0.00
Less Investment Expense		0.00	0.00	0.00	0.00
Net Investment Income		0.00	0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00	0.00
<b>DEDUCTIONS</b>					
Salaries	100	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00
Refunds of Contributions		0.00	0.00	0.00	0.00
Administrative Expenses		0.00	0.00	0.00	0.00
<b>Total Deductions</b>		0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00	0.00
Net Position Held in Trust, July 1, 2016	2885	0.00	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00	0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2017	2785	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
June 30, 2017**

	Account Number	Private-Purpose Trust Fund Name 85X	Private-Purpose Trust Fund Name 85X	Private-Purpose Trust Fund Name 85X	Total Private-Purpose Trust Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	0.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150				
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
Pension	1940				
Other Postemployment Benefits	1950	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Internal Accounts Payable	2290	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Pension	2640				
Other Postemployment Benefits	2650	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>NET POSITION</b>					
Held in Trust for Pension Benefits	2785	0.00	0.00	0.00	0.00
Held in Trust for Other Purposes	2785	0.00	0.00	0.00	0.00
<b>Total Net Position</b>		0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
For the Fiscal Year Ended June 30, 2017**

	Account Number	Private-Purpose Trust Fund Name 85X	Private-Purpose Trust Fund Name 85X	Private-Purpose Trust Fund Name 85X	Total Private-Purpose Trust Funds
<b>ADDITIONS</b>					
<i>Contributions:</i>					
Employer		0.00	0.00	0.00	0.00
Plan Members		0.00	0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00	0.00
<i>Investment Income:</i>					
Interest on Investments	3431	0.00	0.00	0.00	0.00
Gain on Sale of Investments	3432	0.00	0.00	0.00	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	0.00	0.00	0.00	0.00
Total Investment Income		0.00	0.00	0.00	0.00
Less Investment Expense		0.00	0.00	0.00	0.00
Net Investment Income		0.00	0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00	0.00
<b>DEDUCTIONS</b>					
Salaries	100	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00
Refunds of Contributions		0.00	0.00	0.00	0.00
Administrative Expenses		0.00	0.00	0.00	0.00
<b>Total Deductions</b>		0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00	0.00
Net Position Held in Trust, July 1, 2016	2885	0.00	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00	0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2017	2785	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**June 30, 2017**

	Account Number	Pension Trust Fund Name 87X	Pension Trust Fund Name 87X	Pension Trust Fund Name 87X	Total Pension Trust Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	0.00
Pension Contributions Receivable	1132	0.00	0.00	0.00	0.00
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150				
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
Pension	1940	0.00	0.00	0.00	0.00
Other Postemployment Benefits	1950	0.00	0.00	0.00	0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Internal Accounts Payable	2290	0.00	0.00	0.00	0.00
Due to Other Agencies	2230	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Pension	2640	0.00	0.00	0.00	0.00
Other Postemployment Benefits	2650	0.00	0.00	0.00	0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00
<b>NET POSITION</b>					
Held in Trust for Pension Benefits	2785	0.00	0.00	0.00	0.00
Held in Trust for Other Purposes	2785	0.00	0.00	0.00	0.00
<b>Total Net Position</b>		0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**PENSION TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2017**

	Account Number	Pension Trust Fund Name 87X	Pension Trust Fund Name 87X	Pension Trust Fund Name 87X	Total Pension Trust Funds
<b>ADDITIONS</b>					
<i>Contributions:</i>					
Employer		0.00	0.00	0.00	0.00
Plan Members		0.00	0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00	0.00
<i>Investment Income:</i>					
Interest on Investments	3431	0.00	0.00	0.00	0.00
Gain on Sale of Investments	3432	0.00	0.00	0.00	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	0.00	0.00	0.00	0.00
Total Investment Income		0.00	0.00	0.00	0.00
Less Investment Expense		0.00	0.00	0.00	0.00
Net Investment Income		0.00	0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00	0.00
<b>DEDUCTIONS</b>					
Salaries	100	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00
Refunds of Contributions		0.00	0.00	0.00	0.00
Administrative Expenses		0.00	0.00	0.00	0.00
<b>Total Deductions</b>		0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00	0.00
Net Position Held in Trust, July 1, 2016	2885	0.00	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00	0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2017	2785	0.00	0.00	0.00	0.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2017

	Account Number	School Internal Funds 891	Agency Fund Name 89X	Agency Fund Name 89X	Total Agency Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	1,011,431.00	0.00	0.00	1,011,431.00
Investments	1160	26,591.00	0.00	0.00	26,591.00
Accounts Receivable, Net	1131	6,203.00	0.00	0.00	6,203.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
<b>Total Assets</b>		1,044,225.00	0.00	0.00	1,044,225.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Internal Accounts Payable	2290	0.00	0.00	0.00	0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
SCHOOL INTERNAL FUNDS 891  
June 30, 2017

	Account Number	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	941,982.00	2,903,402.00	2,833,953.00	1,011,431.00
Investments	1160	26,538.00	53.00	0.00	26,591.00
Accounts Receivable, Net	1131	6,203.00	0.00	0.00	6,203.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
<b>Total Assets</b>		974,723.00	2,903,455.00	2,833,953.00	1,044,225.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	413.00	0.00	413.00	0.00
Internal Accounts Payable	2290	974,310.00	0.00	974,310.00	0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		974,723.00	0.00	974,723.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)**

Agency Fund Name  
June 30, 2017

	Account Number	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	0.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Internal Accounts Payable	2290	0.00	0.00	0.00	0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)**

Agency Fund Name  
June 30, 2017

	Account Number	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	0.00	0.00	0.00	0.00
Investments	1160	0.00	0.00	0.00	0.00
Accounts Receivable, Net	1131	0.00	0.00	0.00	0.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	0.00	0.00	0.00	0.00
Internal Accounts Payable	2290	0.00	0.00	0.00	0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

The notes to financial statements are an integral part of this statement.  
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**DISTRICT SCHOOL BOARD OF WALTON COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)**  
**TOTAL AGENCY FUNDS**  
**June 30, 2017**

	Account Number	Total Agency Funds Balances July 1, 2016	Total Agency Funds Additions	Total Agency Funds Deductions	Total Agency Funds Balances June 30, 2017
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	941,982.00	2,903,402.00	2,833,953.00	1,011,431.00
Investments	1160	26,538.00	53.00	0.00	26,591.00
Accounts Receivable, Net	1131	6,203.00	0.00	0.00	6,203.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due From Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due From Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
<b>Total Assets</b>		974,723.00	2,903,455.00	2,833,953.00	1,044,225.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	413.00	0.00	413.00	0.00
Internal Accounts Payable	2290	974,310.00	0.00	974,310.00	0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		974,723.00	0.00	974,723.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR COMPONENT UNITS  
June 30, 2017

	Account Number	The Stranville School, Inc.	Walton Academics	Nonmajor Component Unit Name	Total Nonmajor Component Units
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	2,147,506.00	783,732.00	0.00	2,931,238.00
Receivables	1100	64,760.00	0.00	0.00	64,760.00
Taxes Receivable, net	1120	0.00	0.00	0.00	0.00
Accounts Receivable, net	1121	156,007.00	0.00	0.00	156,007.00
Interest Receivable on Investments	1129	0.00	0.00	0.00	0.00
Due from Other Agencies	1130	0.00	50,000.00	0.00	50,000.00
Due from Insurer	1131	0.00	0.00	0.00	0.00
Donations Receivable	1139	0.00	6,021.00	0.00	6,021.00
Secured Indemnity	1140	0.00	0.00	0.00	0.00
Cash with Fixed/Service Agency	1144	0.00	0.00	0.00	0.00
Seizure 1011.13 F.S. Lease Proceeds	1420	0.00	0.00	0.00	0.00
Inventory	1140	0.00	0.00	0.00	0.00
Prepaid Item	1150	17,751.00	0.00	0.00	17,751.00
Letter Term Investments	1400	0.00	0.00	0.00	0.00
Prepaid Insurance Costs	1400	0.00	0.00	0.00	0.00
Other Postemployment Benefits Asset	1410	0.00	0.00	0.00	0.00
Prepaid Asset	1410	0.00	0.00	0.00	0.00
Property Assets					
Land	1310	816,000.00	13,401.00	0.00	829,401.00
Land Improvements - Nondepreciable	1311	0.00	0.00	0.00	0.00
Construction in Progress	1360	0.00	0.00	0.00	0.00
Nondepreciable Capital Assets		816,000.00	13,401.00	0.00	829,401.00
Improvements - Other Than Buildings	1320	31,253.00	300,599.00	0.00	334,852.00
Less Accumulated Depreciation	1329	(17,110.00)	(244,150.00)	0.00	(261,260.00)
Buildings and Fixed Equipment	1330	1,720,173.00	777,361.00	0.00	2,497,534.00
Less Accumulated Depreciation	1339	(1,090,007.00)	(64,000.00)	0.00	(1,154,007.00)
Furniture, Fixtures and Equipment	1340	130,944.00	400,647.00	0.00	531,591.00
Less Accumulated Depreciation	1349	(17,310.00)	(60,750.00)	0.00	(78,060.00)
Motor Vehicles	1350	0.00	0.00	0.00	0.00
Less Accumulated Depreciation	1359	0.00	0.00	0.00	0.00
Prepaids Under Capital Leases	1370	77,045.00	0.00	0.00	77,045.00
Less Accumulated Depreciation	1379	(37,140.00)	0.00	0.00	(37,140.00)
Intangible Materials	1380	0.00	0.00	0.00	0.00
Less Accumulated Depreciation	1389	0.00	0.00	0.00	0.00
Computer Software	1390	41,100.00	0.00	0.00	41,100.00
Less Accumulated Amortization	1399	(18,402.00)	0.00	0.00	(18,402.00)
Investments in Capital Assets, Net	2100	1,562,004.00	296,000.00	0.00	1,858,004.00
Total Capital Assets		2,179,204.00	210,000.00	0.00	2,389,204.00
Other Assets		4,344,150.00	721,609.00	0.00	5,065,763.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910	0.00	0.00	0.00	0.00
Net Carrying Amount of Debt Refunding	1920	0.00	0.00	0.00	0.00
Derivatives	1940	735,377.00	218,750.00	0.00	954,127.00
Other Postemployment Benefits	1950	0.00	0.00	0.00	0.00
Total Deferred Outflows of Resources		735,377.00	218,750.00	0.00	954,127.00
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accounts Payable and Accrued	2130	0.00	0.00	0.00	0.00
Prepaid Indemnities and Withholdings	2136	0.00	17,066.00	0.00	17,066.00
Accounts Payable	2136	1,01,002.00	840.00	0.00	1,01,842.00
Salaries Payable	2139	0.00	0.00	0.00	0.00
Current Notes Payable	2140	0.00	0.00	0.00	0.00
Accrued Interest Payable	2149	0.00	0.00	0.00	0.00
Deferred Payable	2150	0.00	0.00	0.00	0.00
Due to Other Agencies	2159	0.00	0.00	0.00	0.00
Due to Fixed Asset	2160	0.00	0.00	0.00	0.00
Due to Insurer	2171	0.00	0.00	0.00	0.00
Other Postemployment Benefits Liability	2115	0.00	0.00	0.00	0.00
Indemnity Payable	2146	0.00	0.00	0.00	0.00
Construction Contracts Payable	2148	0.00	0.00	0.00	0.00
Construction Contracts Payable - Retained Percentage	2130	0.00	0.00	0.00	0.00
Contractual Unpaid Liens - Self-Insurance Program	2171	0.00	0.00	0.00	0.00
Estimated Liability for Claims Adjustment	2172	0.00	0.00	0.00	0.00
Estimated Liability for Arbitrage Refund	2180	0.00	0.00	0.00	0.00
Unearned Revenue	2410	0.00	0.00	0.00	0.00
<b>Deferred Liabilities</b>					
Portion Due Within One Year:					
Notes Payable	2110	0.00	0.00	0.00	0.00
Liabilities Under Capital Leases	2115	4,760.00	0.00	0.00	4,760.00
Bonds Payable	2126	0.00	0.00	0.00	0.00
Liability for Compensated Absences	2130	15,126.00	0.00	0.00	15,126.00
Lease Purchase Agreements Payable	2140	0.00	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	2150	0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2160	0.00	0.00	0.00	0.00
Net Pension Liability	2165	0.00	725,451.00	0.00	725,451.00
Estimated PBO/ Advance Payable	2170	0.00	0.00	0.00	0.00
Other Long-Term Liabilities	2180	0.00	0.00	0.00	0.00
Derivative Instruments	2190	0.00	0.00	0.00	0.00
Contractual Liability for Arbitrage Refund	2200	0.00	0.00	0.00	0.00
Due Within One Year:		20,268.00	725,451.00	0.00	745,719.00
Portion Due After One Year:					
Notes Payable	2110	0.00	0.00	0.00	0.00
Liabilities Under Capital Leases	2115	1,215.00	0.00	0.00	1,215.00
Bonds Payable	2126	0.00	0.00	0.00	0.00
Liability for Compensated Absences	2130	0.00	0.00	0.00	0.00
Lease Purchase Agreements Payable	2140	0.00	0.00	0.00	0.00
Estimated Liability for Long-Term Claims	2150	0.00	0.00	0.00	0.00
Net Other Postemployment Benefits Obligation	2160	0.00	0.00	0.00	0.00
Net Pension Liability	2165	1,316,424.00	0.00	0.00	1,316,424.00
Estimated PBO/ Advance Payable	2170	0.00	0.00	0.00	0.00
Other Long-Term Liabilities	2180	0.00	0.00	0.00	0.00
Derivative Instruments	2190	0.00	0.00	0.00	0.00
Contractual Liability for Arbitrage Refund	2200	0.00	0.00	0.00	0.00
Due in More Than One Year:		1,317,444.00	0.00	0.00	1,317,444.00
Total Long-Term Liabilities		1,317,444.00	725,451.00	0.00	2,042,895.00
Total Liabilities		1,488,404.00	736,362.00	0.00	2,224,766.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	2610	0.00	0.00	0.00	0.00
Net Carrying Amount of Debt Refunding	2620	0.00	0.00	0.00	0.00
Derivatives	2640	0.00	0.00	0.00	0.00
Other Postemployment Benefits	2650	2,042,895.00	0.00	0.00	2,042,895.00
Total Deferred Outflows of Resources		(20,252.00)	57,858.00	0.00	37,606.00
<b>NET POSITION</b>					
Net Investment in Capital Assets	2770	2,179,204.00	210,000.00	0.00	2,389,204.00
Reversion Fee					
Capitalized Construction Programs	2780	0.00	0.00	0.00	0.00
Fixed Assets	2790	0.00	0.00	0.00	0.00
Public Service	2790	0.00	0.00	0.00	0.00
Capital Programs	2790	0.00	0.00	0.00	0.00
Other Expenses	2790	0.00	0.00	0.00	0.00
Unrecovered	2790	1,217,444.00	0.00	0.00	1,217,444.00
Total Net Position		1,001,551.00	13,418.00	0.00	1,014,969.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
NONMAJOR COMPONENT UNITS  
The Seaside School, Inc.  
For the Fiscal Year Ended June 30, 2017

FUNCTIONS	Account Number	Expenses	Program Revenues			Revenue and Changes in Net Position Component Unit Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	2,794,740.62	18,712.00	0.00	0.00	(2,776,028.62)
Student Support Services	6100	338,163.62	0.00	0.00	0.00	(338,163.62)
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	0.00	0.00	0.00	0.00	0.00
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	840,121.22	0.00	0.00	0.00	(840,121.22)
Facilities Acquisition and Construction	7400	168,000.00	0.00	0.00	168,000.00	0.00
Fiscal Services	7500	169,708.30	0.00	0.00	0.00	(169,708.30)
Food Services	7600	0.00	0.00	0.00	0.00	0.00
Central Services	7700	0.00	0.00	0.00	0.00	0.00
Student Transportation Services	7800	47,380.00	0.00	0.00	0.00	(47,380.00)
Operation of Plant	7900	294,266.94	0.00	0.00	0.00	(294,266.94)
Maintenance of Plant	8100	0.00	0.00	0.00	0.00	0.00
Administrative Technology Services	8200	0.00	0.00	0.00	0.00	0.00
Community Services	9100	260,651.30	0.00	0.00	0.00	(260,651.30)
Interest on Long-Term Debt	9200	338.00	0.00	0.00	0.00	(338.00)
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		<b>4,913,370.00</b>	<b>18,712.00</b>	<b>0.00</b>	<b>168,000.00</b>	<b>(4,726,658.00)</b>

**General Revenues:**

*Taxes:*

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

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

**Change in Net Position**

Net Position, July 1, 2016  
Adjustments to Net Position  
Net Position, June 30, 2017

0.00
0.00
0.00
0.00
4,602,495.00
11,543.00
323,619.00
0.00
0.00
0.00
4,937,657.00
210,999.00
3,590,952.00
0.00
3,801,951.00

The notes to financial statements are an integral part of this statement.  
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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
NONMAJOR COMPONENT UNITS  
Walton Academy  
For the Fiscal Year Ended June 30, 2017

FUNCTIONS	Account Number	Expenses	Program Revenues			Revenue and Changes in Net Position Component Unit Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Component Unit Activities:</i>						
Instruction	5000	810,921.00	0.00	53,622.00	0.00	(757,299.00)
Student Support Services	6100	47,836.00	0.00	0.00	0.00	(47,836.00)
Instructional Media Services	6200	0.00	0.00	0.00	0.00	0.00
Instruction and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00
Instructional Staff Training Services	6400	8,427.00	0.00	0.00	0.00	(8,427.00)
Instruction-Related Technology	6500	0.00	0.00	0.00	0.00	0.00
Board	7100	10,024.00	0.00	0.00	0.00	(10,024.00)
General Administration	7200	0.00	0.00	0.00	0.00	0.00
School Administration	7300	293,145.00	0.00	0.00	0.00	(293,145.00)
Facilities Acquisition and Construction	7400	76,525.00	0.00	0.00	67,028.00	(9,497.00)
Fiscal Services	7500	147,283.00	0.00	0.00	0.00	(147,283.00)
Food Services	7600	203.00	0.00	0.00	0.00	(203.00)
Central Services	7700	133,233.00	0.00	0.00	0.00	(133,233.00)
Student Transportation Services	7800	994.00	0.00	0.00	0.00	(994.00)
Operation of Plant	7900	99,886.00	0.00	0.00	0.00	(99,886.00)
Maintenance of Plant	8100	15,143.00	0.00	0.00	0.00	(15,143.00)
Administrative Technology Services	8200	17,638.00	0.00	0.00	0.00	(17,638.00)
Community Services	9100	0.00	0.00	0.00	0.00	0.00
Interest on Long-Term Debt	9200	0.00	0.00	0.00	0.00	0.00
Unallocated Depreciation/Amortization Expense		0.00				0.00
<b>Total Component Unit Activities</b>		<b>1,661,258.00</b>	<b>0.00</b>	<b>53,622.00</b>	<b>67,028.00</b>	<b>(1,540,608.00)</b>

**General Revenues:**

*Taxes:*

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

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

**Change in Net Position**

Net Position, July 1, 2016  
Adjustments to Net Position  
Net Position, June 30, 2017

0.00
0.00
0.00
0.00
1,483,222.00
0.00
21,530.00
0.00
0.00
0.00
1,504,752.00
(35,856.00)
49,674.00
0.00
13,818.00

The notes to financial statements are an integral part of this statement.  
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The notes to financial statements are an integral part of this statement.  
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	0.00
	0.00
	0.00
	6,085,717.00
	11,543.00
	345,149.00
	0.00
	0.00
	0.00
	6,442,409.00
	175,143.00
	3,640,626.00
	0.00
	3,815,769.00

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	Account Number	Periodic Funds		Total Permanent Funds	Total Nonmajor Governmental Funds	Total Governmental Funds
		Fund Code	Fund			
<b>ASSETS AND DEFERRED OUTLAYS OF RESOURCES</b>						
Cash and Cash Equivalents	1110		0.00	0.00	426,157.76	40,473.84
Accounts Receivable	1120		0.00	0.00	124.19	0.00
Notes Receivable, Net	1130		0.00	0.00	0.00	0.00
Accounts Payable, Net	1140		0.00	0.00	19,111.17	233.99
Investment Receivable on Investments	1150		0.00	0.00	0.00	0.00
Due From Other Agencies	1160		0.00	0.00	313,243.13	483.87
Due From Federal Reserve	1170		0.00	0.00	0.00	0.00
Due From State Funds	1180		0.00	0.00	0.00	0.00
Due From Special Funds	1190		0.00	0.00	0.00	0.00
Due From Federal Funds	1200		0.00	0.00	0.00	0.00
Due From Local Service Agency	1210		0.00	0.00	0.00	0.00
Due From Other Agencies	1220		0.00	0.00	52,247.00	0.00
Due From Other Agencies	1230		0.00	0.00	0.00	0.00
Due From Other Agencies	1240		0.00	0.00	0.00	0.00
Due From Other Agencies	1250		0.00	0.00	0.00	0.00
Due From Other Agencies	1260		0.00	0.00	0.00	0.00
Due From Other Agencies	1270		0.00	0.00	0.00	0.00
Due From Other Agencies	1280		0.00	0.00	0.00	0.00
Due From Other Agencies	1290		0.00	0.00	0.00	0.00
Due From Other Agencies	1300		0.00	0.00	0.00	0.00
Due From Other Agencies	1310		0.00	0.00	0.00	0.00
Due From Other Agencies	1320		0.00	0.00	0.00	0.00
Due From Other Agencies	1330		0.00	0.00	0.00	0.00
Due From Other Agencies	1340		0.00	0.00	0.00	0.00
Due From Other Agencies	1350		0.00	0.00	0.00	0.00
Due From Other Agencies	1360		0.00	0.00	0.00	0.00
Due From Other Agencies	1370		0.00	0.00	0.00	0.00
Due From Other Agencies	1380		0.00	0.00	0.00	0.00
Due From Other Agencies	1390		0.00	0.00	0.00	0.00
Due From Other Agencies	1400		0.00	0.00	0.00	0.00
Due From Other Agencies	1410		0.00	0.00	0.00	0.00
Due From Other Agencies	1420		0.00	0.00	0.00	0.00
Due From Other Agencies	1430		0.00	0.00	0.00	0.00
Due From Other Agencies	1440		0.00	0.00	0.00	0.00
Due From Other Agencies	1450		0.00	0.00	0.00	0.00
Due From Other Agencies	1460		0.00	0.00	0.00	0.00
Due From Other Agencies	1470		0.00	0.00	0.00	0.00
Due From Other Agencies	1480		0.00	0.00	0.00	0.00
Due From Other Agencies	1490		0.00	0.00	0.00	0.00
Due From Other Agencies	1500		0.00	0.00	0.00	0.00
Due From Other Agencies	1510		0.00	0.00	0.00	0.00
Due From Other Agencies	1520		0.00	0.00	0.00	0.00
Due From Other Agencies	1530		0.00	0.00	0.00	0.00
Due From Other Agencies	1540		0.00	0.00	0.00	0.00
Due From Other Agencies	1550		0.00	0.00	0.00	0.00
Due From Other Agencies	1560		0.00	0.00	0.00	0.00
Due From Other Agencies	1570		0.00	0.00	0.00	0.00
Due From Other Agencies	1580		0.00	0.00	0.00	0.00
Due From Other Agencies	1590		0.00	0.00	0.00	0.00
Due From Other Agencies	1600		0.00	0.00	0.00	0.00
Due From Other Agencies	1610		0.00	0.00	0.00	0.00
Due From Other Agencies	1620		0.00	0.00	0.00	0.00
Due From Other Agencies	1630		0.00	0.00	0.00	0.00
Due From Other Agencies	1640		0.00	0.00	0.00	0.00
Due From Other Agencies	1650		0.00	0.00	0.00	0.00
Due From Other Agencies						
<b>LIABILITIES</b>						
Cash Overdraft	2010		0.00	0.00	0.00	0.00
Accounts Payable and Accrued	2020		0.00	0.00	0.00	0.00
Accounts Payable and Withholdings	2030		0.00	0.00	0.00	0.00
Accounts Payable	2040		0.00	0.00	9,250.11	21,000.00
Accounts Payable	2050		0.00	0.00	0.00	0.00
Accounts Payable	2060		0.00	0.00	0.00	0.00
Accounts Payable	2070		0.00	0.00	0.00	0.00
Accounts Payable	2080		0.00	0.00	0.00	0.00
Accounts Payable	2090		0.00	0.00	0.00	0.00
Accounts Payable	2100		0.00	0.00	0.00	0.00
Accounts Payable	2110		0.00	0.00	0.00	0.00
Accounts Payable	2120		0.00	0.00	0.00	0.00
Accounts Payable	2130		0.00	0.00	0.00	0.00
Accounts Payable	2140		0.00	0.00	0.00	0.00
Accounts Payable	2150		0.00	0.00	0.00	0.00
Accounts Payable	2160		0.00	0.00	0.00	0.00
Accounts Payable	2170		0.00	0.00	0.00	0.00
Accounts Payable	2180		0.00	0.00	0.00	0.00
Accounts Payable	2190		0.00	0.00	0.00	0.00
Accounts Payable	2200		0.00	0.00	0.00	0.00
Accounts Payable	2210		0.00	0.00	0.00	0.00
Accounts Payable	2220		0.00	0.00	0.00	0.00
Accounts Payable	2230		0.00	0.00	0.00	0.00
Accounts Payable	2240		0.00	0.00	0.00	0.00
Accounts Payable	2250		0.00	0.00	0.00	0.00
Accounts Payable	2260		0.00	0.00	0.00	0.00
Accounts Payable	2270		0.00	0.00	0.00	0.00
Accounts Payable	2280		0.00	0.00	0.00	0.00
Accounts Payable	2290		0.00	0.00	0.00	0.00
Accounts Payable	2300		0.00	0.00	0.00	0.00
Accounts Payable	2310		0.00	0.00	0.00	0.00
Accounts Payable	2320		0.00	0.00	0.00	0.00
Accounts Payable	2330		0.00	0.00	0.00	0.00
Accounts Payable	2340		0.00	0.00	0.00	0.00
Accounts Payable	2350		0.00	0.00	0.00	0.00
Accounts Payable	2360		0.00	0.00	0.00	0.00
Accounts Payable	2370		0.00	0.00	0.00	0.00
Accounts Payable	2380		0.00	0.00	0.00	0.00
Accounts Payable	2390		0.00	0.00	0.00	0.00
Accounts Payable	2400		0.00	0.00	0.00	0.00
Accounts Payable	2410		0.00	0.00	0.00	0.00
Accounts Payable	2420		0.00	0.00	0.00	0.00
Accounts Payable	2430		0.00	0.00	0.00	0.00
Accounts Payable	2440		0.00	0.00	0.00	0.00
Accounts Payable	2450		0.00	0.00	0.00	0.00
Accounts Payable	2460		0.00	0.00	0.00	0.00
Accounts Payable	2470		0.00	0.00	0.00	0.00
Accounts Payable	2480		0.00	0.00	0.00	0.00
Accounts Payable	2490		0.00	0.00	0.00	0.00
Accounts Payable	2500		0.00	0.00	0.00	0.00
Accounts Payable	2510		0.00	0.00	0.00	0.00
Accounts Payable	2520		0.00	0.00	0.00	0.00
Accounts Payable	2530		0.00	0.00	0.00	0.00
Accounts Payable	2540		0.00	0.00	0.00	0.00
Accounts Payable	2550		0.00	0.00	0.00	0.00
Accounts Payable	2560		0.00	0.00	0.00	0.00
Accounts Payable	2570		0.00	0.00	0.00	0.00
Accounts Payable	2580		0.00	0.00	0.00	0.00
Accounts Payable	2590		0.00	0.00	0.00	0.00
Accounts Payable	2600		0.00	0.00	0.00	0.00
Accounts Payable	2610		0.00	0.00	0.00	0.00
Accounts Payable	2620		0.00	0.00	0.00	0.00
Accounts Payable	2630		0.00	0.00	0.00	0.00
Accounts Payable	2640		0.00	0.00	0.00	0.00
Accounts Payable	2650		0.00	0.00	0.00	0.00
Accounts Payable	2660		0.00	0.00	0.00	0.00
Accounts Payable	2670		0.00	0.00	0.00	0.00
Accounts Payable	2680		0.00	0.00	0.00	0.00
Accounts Payable	2690		0.00	0.00	0.00	0.00
Accounts Payable	2700		0.00	0.00	0.00	0.00
Accounts Payable	2710		0.00	0.00	0.00	0.00
Accounts Payable	2720		0.00	0.00	0.00	0.00
Accounts Payable	2730		0.00	0.00	0.00	0.00
Accounts Payable	2740		0.00	0.00	0.00	0.00
Accounts Payable	2750		0.00	0.00	0.00	0.00
Accounts Payable	2760		0.00	0.00	0.00	0.00
Accounts Payable	2770		0.00	0.00	0.00	0.00
Accounts Payable	2780		0.00	0.00	0.00	0.00
Accounts Payable	2790		0.00	0.00	0.00	0.00
Accounts Payable	2800		0.00	0.00	0.00	0.00
Accounts Payable	2810		0.00	0.00	0.00	0.00
Accounts Payable	2820		0.00	0.00	0.00	0.00
Accounts Payable	2830		0.00	0.00	0.00	0.00
Accounts Payable	2840		0.00	0.00	0.00	0.00
Accounts Payable	2850		0.00	0.00	0.00	0.00
Accounts Payable	2860		0.00	0.00	0.00	0.00
Accounts Payable	2870		0.00	0.00	0.00	0.00
Accounts Payable	2880		0.00	0.00	0.00	0.00
Accounts Payable	2890		0.00	0.00	0.00	0.00
Accounts Payable	2900		0.00	0.00	0.00	0.00
Accounts Payable	2910		0.00	0.00	0.00	0.00
Accounts Payable	2920		0.00	0.00	0.00	0.00
Accounts Payable	2930		0.00	0.00	0.00	0.00
Accounts Payable	2940		0.00	0.00	0.00	0.00
Accounts Payable	2950		0.00	0.00	0.00	0.00
Accounts Payable	2960		0.00	0.00	0.00	0.00
Accounts Payable	2970		0.00	0.00	0.00	0.00
Accounts Payable	2980		0.00	0.00	0.00	0.00
Accounts Payable	2990		0.00	0.00	0.00	0.00
Accounts Payable	3000		0.00	0.00	0.00	0.00
Accounts Payable	3010		0.00	0.00	0.00	0.00
Accounts Payable	3020		0.00	0.00	0.00	0.00
Accounts Payable	3030		0.00	0.00	0.00	0.00
Accounts Payable	3040		0.00	0.00	0.00	0.00
Accounts Payable	3050		0.00	0.00	0.00	0.00
Accounts Payable	3060		0.00	0.00	0.00	0.00
Accounts Payable	3070		0.00	0.00	0.00	0.00
Accounts Payable	3080		0.00	0.00	0.00	0.00
Accounts Payable	3090		0.00	0.00	0.00	0.00
Accounts Payable	3100		0.00	0.00	0.00	0.00
Accounts Payable	3110		0.00	0.00	0.00	0.00
Accounts Payable	3120		0.00	0.00	0.00	0.00
Accounts Payable	3130		0.00	0.00	0.00	0.00
Accounts Payable	3140		0.00	0.00	0.00	0.00
Accounts Payable	3150		0.00	0.00	0.00	0.00
Accounts Payable	3160		0.00	0.00	0.00	0.00
Accounts Payable	3170		0.00	0.00	0.00	0.00
Accounts Payable	3180		0.00	0.00	0.00	0.00
Accounts Payable	3190		0.00	0.00	0.00	0.00
Accounts Payable	3200		0.00	0.00	0.00	0.00
Accounts Payable	3210		0.00	0.00	0.00	0.00
Accounts Payable	3220		0.00	0.00	0.00	0.00
Accounts Payable	3230		0.00	0.00	0.00	0.00
Accounts Payable	3240		0.00	0.00	0.00	0.00
Accounts Payable	3250		0.00	0.00	0.00	0.00
Accounts Payable	3260		0.00	0.00	0.00	0.00
Accounts Payable	3270		0.00	0.00	0.00	0.00
Accounts Payable	3280		0.00	0.00	0.00	0.00
Accounts Payable	3290		0.00	0.00	0.00	0.00
Accounts Payable	3300		0.00	0.00	0.00	0.00
Accounts Payable	3310		0.00	0.00	0.00	0.00
Accounts Payable	3320		0.00	0.00	0.00	0.00
Accounts Payable	3330		0.00	0.00	0.00	0.00
Accounts Payable	3340		0.00	0.00	0.00	0.00
Accounts Payable	3350		0.00	0.00	0.00	0.00
Accounts Payable	3360		0.00	0.00	0.00	0.00
Accounts Payable	3370		0.00	0.00	0.00	0.00
Accounts Payable	3380		0.00	0.00	0.00	0.00
Accounts Payable	3390		0.00	0.00	0.00	0.00
Accounts Payable	3400		0.00	0.00	0.00	0.00
Accounts Payable	3410		0.00	0.00	0.00	0.00
Accounts Payable	3420		0.00	0.00	0.00	0.00
Accounts Payable	3430		0.00	0.00	0.00	0.00
Accounts Payable	3440					

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
GOVERNMENTAL STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2017

STRICT SCHOOL BOARD OF WALTON COUNTY ENTRY FORM GOVERNMENTAL STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Fiscal Year Ended June 30, 2017														Major Fund M	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N										
														Special Revenue Funds										Edu-Special Funds									
														Account Number	General Fund	Food Services Fund	Other Federal Programs Fund	ARBA Race to the Top Fund	Miscellaneous Special Revenue Fund	Total Nonmajor Special Revenue Funds	Total Special Revenue Funds	SE/CVBH Bonds Fund	Special Art Bonds Fund	Sections 101.1 & 101.15, F.S. Laws 2011	Motor Vehicle Revenue Bonds Fund	Edu-Special Bonds Fund							
REVENUES														Refund Direct	3100	568,321.73		535,352.34			535,352.34	535,352.34	0.00	0.00	0.00	0.00	0.00	0.00					
Refund Through State and Local														3200	389,591.60	2,033,417.00	2,213,911.20	0.00	0.00	6,067,322.97	6,067,322.97	0.00	0.00	0.00	0.00	0.00	0.00						
															957,913.33	40,551.00	0.00			6,602,675.31	6,602,675.31	0.00	0.00	0.00	0.00	0.00	0.00						
Local Taxes Levied, Tax Redeterminations and Excise Fees for Operational Purposes														3411, 3421, 3423	62,464,649.68							0.00	0.00	0.00	0.00	0.00	0.00						
Local Taxes Levied, Tax Redeterminations and Excise Fees for Public Services														3412, 3421, 3423						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
Property Taxes Levied, Tax Redeterminations and Excise Fees for Capital Purposes														3413, 3421, 3423						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
Local Sales Taxes														3418, 3419								0.00	0.00	0.00	0.00	0.00	0.00						
Charges for Service - Food Service														3425		463,849.43				463,849.43	463,849.43	0.00	0.00	0.00	0.00	0.00	0.00						
Other Local Revenue														3406	0.00			0.00	0.00	0.00	2,499,483.37	2,499,483.37	0.00	0.00	0.00	0.00	0.00	0.00					
Local Land Revenue														3407		2,499,475.37	7,448.00	0.00	0.00	0.00	2,499,483.37	2,499,483.37	0.00	0.00	0.00	0.00	0.00	0.00					
Total Local Sources														3400	64,964,141.03	64,267.40	0.00	0.00	0.00	64,964,267.43	64,964,267.43	0.00	0.00	0.00	0.00	0.00	0.00						
															62,736,655.30	1,558,267.18	0.00	0.00	0.00	7,547,543.81	7,547,543.81	47,500.00	0.00	0.00	0.00	0.00	0.00						
EXPENDITURES														Instruction	5000	45,718,779.48		3,849,851.65	0.00	0.00	1,849,851.67	1,849,851.67											
Student Support Services														6100	2,089,345.52		73,923.10	0.00	0.00	73,923.10	73,923.10												
Instructional Media Services														6200	46,474.00		0.00	0.00	0.00	0.00	0.00												
Instructional and Curriculum Development Services														6300	1,437,459.20		1,392,443.67	0.00	0.00	1,392,443.67	1,392,443.67												
Instructional Staff Training Services														6400	825,114.00		925,193.12	0.00	0.00	925,193.12	925,193.12												
Instruction-Related Technology														6500	1,427,122.12	0.00	0.00	0.00	0.00	0.00	0.00												
Capital														7100		623,614.00	0.00	0.00	0.00	0.00	0.00												
General Administration														7200	727,461.49		139,493.13	0.00	0.00	139,493.13	139,493.13												
Facilities Acquisition and Construction														7300	1,687,971.49		0.00	0.00	0.00	0.00	0.00												
Local Services														7500	512,492.76		0.00	0.00	0.00	0.00	0.00												
Local Services														7600		16,445.75	5,218,571.15		0.00	5,218,571.15	5,218,571.15												
Central Services														7700	738,345.36	0.00	0.00			0.00	0.00												
Student Transportation Services														7800	2,095,117.88	0.00	0.00	0.00	0.00	0.00	0.00												
Operation of Plant														8100	7,078,718.17	0.00	0.00	0.00	0.00	0.00	0.00												
Maintenance of Plant														8100		2,493,361.45	0.00	0.00	0.00	0.00	0.00												
Administrative Technology Services														8200	442,024.17	0.00	0.00	0.00	0.00	0.00	0.00												
Communications														9100	407,146.12		535,125.13	0.00	0.00	635,125.16	635,125.16												
Nebt Service - (Function 9200)																																	
Refundation of Precept														710						0.00	0.00	42,000.00	0.00	0.00	0.00	0.00							
Interest														7400	34,822.00						2,240.00	0.00	0.00	0.00	0.00	0.00							
Dues and Fees														7600						0.00	0.00	14.35	0.00	0.00	0.00	0.00	0.00						
Miscellaneous														7900						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
Capital Outlay														7200	0.00			0.00	0.00	0.00	0.00												
Facilities Acquisition and Construction														7410		0.00		0.00	0.00	0.00	0.00												
Other Capital Outlay														9100	132,669.25	0.00	40,714.25	0.00	0.00	87,712.52	87,712.52												
Total Expenditures															78,128,813.15	5,110,571.15	4,789,267.65	0.00	0.00	1,979,813.14	1,979,813.14	45,240.00	0.00	0.00	0.00	0.00	0.00						
Revers (Debit) of Revenues Over (Under) Expenditures															6,053,922.66	(52,284.03)	0.00	0.00	0.00	(52,284.03)	(52,284.03)	0.00	0.00	0.00	0.00	0.00	0.00						
OTHER FINANCING SOURCES (USES)														Issuance of Bonds	3710					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
Premium on Sale of Bonds														3790						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Sale of Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium of Lease Purchase Agreements														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Lease Purchase Agreements														3790						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Lease Purchase Agreements														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Lease Purchase Agreements														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3790						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds														3710						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Discount on Refunding Bonds														4010						0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Premium on Refunding Bonds																																	

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
GOVERNMENTAL STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2017

	Account Number	Other Capital Projects 100	AERA Economic Stimulus Capital Projects 100	Total Nonmajor Capital Projects Funds	Total Capital Projects Funds	Permanent Fund (00)	Permanent Fund	Total Permanent Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>										
Reflected Direct	3100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	531,132.36	895,081.97
Grant Through State and Local	3200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,509,223.17	2,509,223.17
State Securities	3300	130,810.00	0.00	633,231.47	633,231.47	0.00	0.00	633,231.47	373,136.79	373,136.79
<b>Local Services</b>	3411, 3421, 3423									
Property Taxes Levied, Tax Redeterminations and Excess Fns for Operational Purposes	3411, 3421, 3423	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	62,664,668.68
Property Taxes Levied, Tax Redeterminations and Excess Fns for Public Safety	3411, 3421, 3423	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes Levied, Tax Redeterminations and Excess Fns for Capital Projects	3411, 3421, 3423	0.00	0.00	27,769,183.36	27,769,183.36	0.00	0.00	27,769,183.36	27,769,183.36	27,769,183.36
Landed Sales Taxes	3413, 3421	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Charges for Service - Food Service	343X	0.00	0.00	0.00	0.00	0.00	0.00	0.00	461,849.43	461,849.43
Charges for Service - Other	345X	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,665.59	2,665.59
Other Local Revenue	347X	127.14	0.00	127.54	127.54	0.00	0.00	127.54	4,451.52	4,451.52
Grants	3480	0.00	0.00	22,300,331.37	22,300,331.37	0.00	0.00	22,300,331.37	8,625,125.32	133,717,881.58
<b>Total Revenues</b>		15,987.14	0.00	633,358.81	633,358.81	0.00	0.00	633,358.81	6,625,125.32	133,717,881.58
<b>EXPENDITURES</b>										
<b>General</b>										
Instruction	5000	0.00	0.00	0.00	0.00	0.00	0.00	1,849,851.62	47,548,631.08	47,548,631.08
Student Support Services	6100	0.00	0.00	0.00	0.00	0.00	0.00	3,725.11	2,242,568.62	2,242,568.62
Institutional Media Services	6200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,603.91	5,603.91
Administration and Curriculum Development Services	6300	0.00	0.00	0.00	0.00	0.00	0.00	1,300,443.67	2,440,405.16	2,440,405.16
Institutional Staff Training Services	6400	0.00	0.00	0.00	0.00	0.00	0.00	891,183.12	3,320,931.91	3,320,931.91
Information Systems Technology	6500	0.00	0.00	0.00	0.00	0.00	0.00	6,217,727.93	6,217,727.93	6,217,727.93
Board	7100	0.00	0.00	0.00	0.00	0.00	0.00	433,414.61	433,414.61	433,414.61
Central Administration	7200	0.00	0.00	0.00	0.00	0.00	0.00	119,029.21	633,426.26	633,426.26
School Administration	7300	0.00	0.00	0.00	0.00	0.00	0.00	3,213,431.15	3,213,431.15	3,213,431.15
Facility Acquisition and Construction	7400	0.00	0.00	0.00	0.00	0.00	0.00	1,466,757.57	1,466,757.57	1,466,757.57
Fuel Supplies	7500	0.00	0.00	0.00	0.00	0.00	0.00	33,429.74	33,429.74	33,429.74
Fuel Services	7600	0.00	0.00	0.00	0.00	0.00	0.00	3,218,171.19	3,218,171.19	3,218,171.19
Contract Services	7700	0.00	0.00	0.00	0.00	0.00	0.00	76,765.58	76,765.58	76,765.58
Student Transportation Services	7800	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,603.91	5,603.91
Operation of Plant	8100	0.00	0.00	0.00	0.00	0.00	0.00	2,876,723.85	2,876,723.85	2,876,723.85
Maintenance of Plant	8200	0.00	0.00	0.00	0.00	0.00	0.00	1,845,811.81	1,845,811.81	1,845,811.81
Administrative Technology Services	8300	0.00	0.00	0.00	0.00	0.00	0.00	842,624.54	842,624.54	842,624.54
Community Services	8400	0.00	0.00	0.00	0.00	0.00	0.00	535,352.36	1,000,000.67	1,000,000.67
<b>Non-Service (Function 3300)</b>										
Redemption of Prized	710	0.00	0.00	0.00	0.00	0.00	0.00	3,735,000.00	3,735,000.00	3,735,000.00
Other	920	0.00	0.00	0.00	0.00	0.00	0.00	1,806,727.93	1,806,727.93	1,806,727.93
<b>Total</b>	130	0.00	0.00	228.17	228.17	0.00	0.00	9,536.46	9,536.46	9,536.46
<b>Plant and Equipment</b>	790	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Capital Outlay</b>										
Facility Acquisition and Construction	8420	3,213,994.83	0.00	3,432,262.83	18,921,629.69	0.00	0.00	3,432,262.83	18,321,897.09	18,321,897.09
Other Capital Outlay	9100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,717.23	7,717.23
<b>Total</b>	9200	3,213,994.83	0.00	3,432,262.83	18,921,629.69	0.00	0.00	3,432,262.83	18,329,614.32	18,329,614.32
<b>Excess (Shortage) of Revenues Over Under Expenditures</b>										
<b>OTHER FUNDING SOURCES (USES)</b>										
Proceeds of Bonds	3710	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds on Sale of Bonds	3781	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Sale of Bonds	3801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds of Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	3850	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds on Lease-Purchase Agreements	3750	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Lease-Purchase Agreements	3850	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sale of Capital Assets	3730	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan Resources	3740	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds of Forward Supply Contracts	3760	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,255.46	7,255.46
Proceeds from Special Facility Construction Account	3770	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Value of Refunding Bonds	3715	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds on Refunding Bonds	3792	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Refunding Bonds	3822	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refunding Lease-Purchase Agreements	3735	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	3825	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds on Refunding Lease-Purchase Agreements	3735	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Discount on Refunding Lease-Purchase Agreements	3825	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers In	9000	76,374.06	0.00	36,714.06	36,714.06	0.00	0.00	3,494,911.33	8,150,000.00	8,150,000.00
Transfers Out	9100	11,922,016.00	0.00	11,922,016.00	18,266,152.37	0.00	0.00	18,266,152.37	18,266,152.37	18,266,152.37
<b>Total Other Funding Sources (Uses)</b>		64,457.94	0.00	48,430.91	18,300,911.13	0.00	0.00	3,497,862.17	3,497,862.17	3,497,862.17
<b>NET CAPITAL FUND BALANCE</b>										
Special Change in Fund Balance		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Change in Fund Balance		13,137,373.32	0.00	26,864,581.93	13,137,637.70	0.00	0.00	2,899,542.79	5,577,268.29	5,577,268.29
Adjustments to Fund Balance	2800	2,311,771.22	0.00	3,476,758.22	3,476,758.22	0.00	0.00	38,000,134.66	38,000,134.66	38,000,134.66
Adjustments to Fund Balance	2801	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	2700	2,311,771.22	0.00	3,476,758.22	3,476,758.22	0.00	0.00	38,000,134.66	38,000,134.66	38,000,134.66

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
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INTERFUND SCHOOL BOARD OF WALTON COUNTY EXHIBIT FORM PROPERTY STATEMENTS OF NET POSITION June 30, 2017	Nonmajor Fund		Nonmajor Fund		Nonmajor Fund		Nonmajor Fund		Nonmajor Fund		Nonmajor Fund		
	N		N		N		N		N		N		
	Account Number	Enterprise Funds										Total Nonmajor Enterprise Funds	Total Enterprise Funds
		Self-Insurance 011	Self-Insurance 012	Self-Insurance 013	Self-Insurance 014	Other 021		Other 022					
<b>ASSETS</b>													
Cash and Cash Equivalents	1110										0.00	0.00	
Receivables	1100										0.00	0.00	
Accounts Receivable, Net	1111										0.00	0.00	
Interest Receivable on Investments	1130										0.00	0.00	
Due From Other Agencies	1120										0.00	0.00	
Due From Insurer	1180										0.00	0.00	
Due From Budgetary Funds	1141										0.00	0.00	
Deposits Receivable	1110										0.00	0.00	
Cash with Trust/Revenue Agents	1114										0.00	0.00	
System 0011 13, P.R. Limit Payable	1420										0.00	0.00	
Prepaid Insurance	1330										0.00	0.00	
Prepaid Insurance	1430										0.00	0.00	
Capital Insurance Costs	1430										0.00	0.00	
Other Postemployment Benefits Asset	1615										0.00	0.00	
Capital Asset:													
Land	1110										0.00	0.00	
Land Improvements - Nondepreciable	1115										0.00	0.00	
Construction in Progress	1300										0.00	0.00	
Nondepreciable Capital Assets			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Depreciation Other Than Buildings	1320										0.00	0.00	
Accumulated Depreciation	1320										0.00	0.00	
Buildings and Land Improvements	1310										0.00	0.00	
Accumulated Depreciation	1310										0.00	0.00	
Furniture, Fixtures and Equipment	1340										0.00	0.00	
Accumulated Depreciation	1340										0.00	0.00	
Motor Vehicles	1350										0.00	0.00	
Accumulated Depreciation	1350										0.00	0.00	
Receivables Under Capital Leases	1370										0.00	0.00	
Accumulated Depreciation	1370										0.00	0.00	
Compensated Absence	1380										0.00	0.00	
Accumulated Amortization	1380										0.00	0.00	
Intergovernmental Assets, Net		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Capital Assets		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Assets		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>DEFERRED OUTLAYS OF RESOURCES</b>													
Accumulated Depreciation in Fair Value of Building Determination	2010										0.00	0.00	
Net Carrying Amount of Debt Issuance	2020										0.00	0.00	
Reserve	2040										0.00	0.00	
Other Postemployment Benefits	2050										0.00	0.00	
Total Deferred Outlays of Resources		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>LIABILITIES</b>													
Cash Overhead	2125										0.00	0.00	
Accrued Salaries and Benefits	2110										0.00	0.00	
Payroll Deductions and Withholdings	2130										0.00	0.00	
Accounts Payable	2120										0.00	0.00	
Notes Payable	2100										0.00	0.00	
Accrued Interest Payable	2110										0.00	0.00	
Deposits Payable	2120										0.00	0.00	
Due to Other Agencies	2130										0.00	0.00	
Due to Budgetary Funds	2141										0.00	0.00	
Payable Liabilities	2110										0.00	0.00	
Other Postemployment Benefits Liability	2116										0.00	0.00	
Intergovernmental Liabilities	2110										0.00	0.00	
Estimated Capital Costs - Self-Insurance Program	2271										0.00	0.00	
Estimated Liabilities for Climate Adaptation	2410										0.00	0.00	
Unearned Revenue	2410										0.00	0.00	
Revenue Liabilities											0.00	0.00	
Portion Due Within One Year:													
Obligations Under Capital Leases	2315										0.00	0.00	
Liabilities for Compensated Absences	2310										0.00	0.00	
Estimated Liability for Long-Term Claims	2330										0.00	0.00	
Net Other Postemployment Benefits Obligations	2340										0.00	0.00	
Net Pension Liability	2365										0.00	0.00	
Other Long-Term Liabilities	2380										0.00	0.00	
Portion Due After One Year:		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Obligations Under Capital Leases	2315										0.00	0.00	
Liabilities for Compensated Absences	2310										0.00	0.00	
Estimated Liability for Long-Term Claims	2330										0.00	0.00	
Net Other Postemployment Benefits Obligations	2340										0.00	0.00	
Net Pension Liability	2365										0.00	0.00	
Other Long-Term Liabilities	2380										0.00	0.00	
Due to More Than One Year		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Liabilities		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>DEFERRED OUTLAYS OF RESOURCES</b>													
Accumulated Depreciation in Fair Value of Building Determination	2010										0.00	0.00	
Net Carrying Amount of Debt Issuance	2020										0.00	0.00	
Reserve	2040										0.00	0.00	
Other Postemployment Benefits	2050										0.00	0.00	
Total Deferred Outlays of Resources		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>NET POSITION</b>													
Net Investment in Capital Assets	2770										0.00	0.00	
Restricted for	2780										0.00	0.00	
Unrestricted	2790										0.00	0.00	
Total Net Position		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

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		Interfund Service Funds								
	Account Number	Self-Insurance 711	Self-Insurance 712	Self-Insurance 713	Self-Insurance 714	Self-Insurance 721	Commuter Program 721	Other Interfund Service 721	Total Interfund Service Funds	Total Proprietary Funds
<b>ASSETS</b>										
Cash and Cash Equivalents	1110								0.00	0.00
Receivables	1100								0.00	0.00
Accounts Receivable, Net	1111								0.00	0.00
Interest Receivable on Investments	1130								0.00	0.00
Due From Other Agencies	1120								0.00	0.00
Due From Insurer	1180								0.00	0.00
Due From Budgetary Funds	1141								0.00	0.00
Deposits Receivable	1110								0.00	0.00
Cash with Trust/Revenue Agents	1114								0.00	0.00
System 0011 13, P.R. Limit Payable	1420								0.00	0.00
Prepaid Insurance	1330								0.00	0.00
Long Term Investments	1430								0.00	0.00
Capital Insurance Costs	1430								0.00	0.00
Other Postemployment Benefits Asset	1615								0.00	0.00
Capital Asset:										
Land	1110								0.00	0.00
Land Improvements - Nondepreciable	1115								0.00	0.00
Construction in Progress	1300								0.00	0.00
Nondepreciable Capital Assets									0.00	0.00
Depreciation Other Than Buildings	1320	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Depreciation	1320								0.00	0.00
Buildings and Land Improvements	1310								0.00	0.00
Accumulated Depreciation	1310								0.00	0.00
Furniture, Fixtures and Equipment	1340								0.00	0.00
Accumulated Depreciation	1340								0.00	0.00
Motor Vehicles	1350								0.00	0.00
Accumulated Depreciation	1350								0.00	0.00
Receivables Under Capital Leases	1370								0.00	0.00
Accumulated Depreciation	1370								0.00	0.00
Compensated Absence	1380								0.00	0.00
Accumulated Amortization	1380								0.00	0.00
Intergovernmental Assets, Net		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Assets		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>DEFERRED OUTLAYS OF RESOURCES</b>										
Accumulated Depreciation in Fair Value of Building Determination	2010								0.00	0.00
Net Carrying Amount of Debt Issuance	2020								0.00	0.00
Reserve	2040								0.00	0.00
Other Postemployment Benefits	2050								0.00	0.00
Total Deferred Outlays of Resources		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>LIABILITIES</b>										
Cash Overhead	2125								0.00	0.00
Accrued Salaries and Benefits	2110								0.00	0.00
Payroll Deductions and Withholdings	2130								0.00	0.00
Accounts Payable	2120								0.00	0.00
Notes Payable	2100								0.00	0.00
Accrued Interest Payable	2110								0.00	0.00
Deposits Payable	2120								0.00	0.00
Due to Other Agencies	2130								0.00	0.00
Due to Budgetary Funds	2141								0.00	0.00
Payable Liabilities	2110								0.00	0.00
Other Postemployment Benefits Liability	2116								0.00	0.00
Intergovernmental Liabilities	2110								0.00	0.00
Estimated Capital Costs - Self-Insurance Program	2271								0.00	0.00
Estimated Liability for Climate Adaptation	2410								0.00	0.00
Unearned Revenue	2410								0.00	0.00
Revenue Liabilities									0.00	0.00
Portion Due Within One Year:									0.00	0.00
Obligations Under Capital Leases	2315								0.00	0.00
Liabilities for Compensated Absences	2310								0.00	0.00
Estimated Liability for Long-Term Claims	2330								0.00	0.00
Net Other Postemployment Benefits Obligations	2340								0.00	0.00
Net Pension Liability	2365								0.00	0.00
Other Long-Term Liabilities	2380								0.00	0.00
Portion Due After One Year:		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Obligations Under Capital Leases	2315								0.00	0.00
Liabilities for Compensated Absences	2310								0.00	0.00
Estimated Liability for Long-Term Claims	2330								0.00	0.00
Net Other Postemployment Benefits Obligations	2340								0.00	0.00
Net Pension Liability	2365								0.00	0.00
Other Long-Term Liabilities	2380								0.00	0.00
Due to Other Agencies	2130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to Budgetary Funds	2141	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>DEFERRED OUTLAYS OF RESOURCES</b>										
Accumulated Depreciation in Fair Value of Building Determination	2010								0.00	0.00
Net Carrying Amount of Debt Issuance	2020								0.00	0.00
Reserve	2040								0.00	0.00
Other Postemployment Benefits	2050								0.00	0.00
Total Deferred Outlays of Resources		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>NET POSITION</b>										
Net Investment in Capital Assets	2276								0.00	0.00
Unassigned	2300								0.00	0.00
Assigned	2310								0.00	0.00
Unassigned	2310								0.00	0.00
Net Other Resources	2310	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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		Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N
	Account Number	Self-Insurance 911	Self-Insurance 912	Self-Insurance 913	Self-Insurance 914	Enterprise Funds ARRA - Consortium 915
<b>OPERATING REVENUES</b>						
Charges for Services	3481	0.00	0.00	0.00	0.00	0.00
Charges for Sales	3482	0.00	0.00	0.00	0.00	0.00
Premium Revenue	3484	0.00	0.00	0.00	0.00	0.00
Other Operating Revenues	3489	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Revenues</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OPERATING EXPENSES</b>						
Salaries	100	0.00	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00	0.00
Energy Services	400	0.00	0.00	0.00	0.00	0.00
Materials and Supplies	500	0.00	0.00	0.00	0.00	0.00
Capital Outlay	600	0.00	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization Expense	780	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Expenses</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Operating Income (Loss)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Income	3430	0.00	0.00	0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00	0.00	0.00
Other Miscellaneous Local Sources	3495	0.00	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00	0.00
Gain on Disposition of Assets	3780	0.00	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00
Loss on Disposition of Assets	810	0.00	0.00	0.00	0.00	0.00
<b>Total Nonoperating Revenues (Expenses)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Income (Loss) Before Operating Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Transfers In	3600	0.00	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>						
<b>EXTRAORDINARY ITEMS</b>						
<b>Change In Net Position</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net Position, July 1, 2016	2880	0.00	0.00	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00	0.00	0.00
Net Position, June 30, 2017	2780	0.00	0.00	0.00	0.00	0.00

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EXPENSES AND CHANGES IN FUND NET POSITION  
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		Nonmajor Fund N	Nonmajor Fund N		
	Account Number	Other 921	Other 922	Total Nonmajor Enterprise Funds	Total Enterprise Funds
<b>OPERATING REVENUES</b>					
Charges for Services	3481	0.00	0.00	0.00	0.00
Charges for Sales	3482	0.00	0.00	0.00	0.00
Premium Revenue	3484	0.00	0.00	0.00	0.00
Other Operating Revenues	3489	0.00	0.00	0.00	0.00
<b>Total Operating Revenues</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OPERATING EXPENSES</b>					
Salaries	100	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00
Energy Services	400	0.00	0.00	0.00	0.00
Materials and Supplies	500	0.00	0.00	0.00	0.00
Capital Outlay	600	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00
Depreciation and Amortization Expense	780	0.00	0.00	0.00	0.00
<b>Total Operating Expenses</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Operating Income (Loss)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income	3430	0.00	0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00	0.00
Other Miscellaneous Local Sources	3495	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Gain on Disposition of Assets	3780	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
Loss on Disposition of Assets	810	0.00	0.00	0.00	0.00
<b>Total Nonoperating Revenues (Expenses)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Income (Loss) Before Operating Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
<b>EXTRAORDINARY ITEMS</b>					
<b>Change In Net Position</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net Position, July 1, 2016	2880	0.00	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00	0.00
Net Position, June 30, 2017	2780	0.00	0.00	0.00	0.00

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	Account Number	Internal Service Funds				
		Self-Insurance 711	Self-Insurance 712	Self-Insurance 713	Self-Insurance 714	Self-Insurance 715
<b>OPERATING REVENUES</b>						
Charges for Services	3481	0.00	0.00	0.00	0.00	0.00
Charges for Sales	3482	0.00	0.00	0.00	0.00	0.00
Premium Revenue	3484	0.00	0.00	0.00	0.00	0.00
Other Operating Revenues	3489	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Revenues</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OPERATING EXPENSES</b>						
Salaries	100	0.00	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00	0.00
Energy Services	400	0.00	0.00	0.00	0.00	0.00
Materials and Supplies	500	0.00	0.00	0.00	0.00	0.00
Capital Outlay	600	0.00	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization Expense	780	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Expenses</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Operating Income (Loss)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Income	3430	0.00	0.00	0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00	0.00	0.00
Other Miscellaneous Local Sources	3495	0.00	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00	0.00
Gain on Disposition of Assets	3780	0.00	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00	0.00
Loss on Disposition of Assets	810	0.00	0.00	0.00	0.00	0.00
<b>Total Nonoperating Revenues (Expenses)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Income (Loss) Before Operating Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Transfers In	3600	0.00	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>						
<b>EXTRAORDINARY ITEMS</b>						
<b>Change In Net Position</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net Position, July 1, 2016	2880	0.00	0.00	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00	0.00	0.00
Net Position, June 30, 2017	2780	0.00	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
PROPRIETARY STATEMENTS OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET POSITION  
For the Fiscal Year Ended June 30, 2017

	Account Number	Consortium Programs 731	Other Internal Service 791	Total Internal Service Funds	Total Proprietary Funds
<b>OPERATING REVENUES</b>					
Charges for Services	3481	0.00	0.00	0.00	0.00
Charges for Sales	3482	0.00	0.00	0.00	0.00
Premium Revenue	3484	0.00	0.00	0.00	0.00
Other Operating Revenues	3489	0.00	0.00	0.00	0.00
<b>Total Operating Revenues</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OPERATING EXPENSES</b>					
Salaries	100	0.00	0.00	0.00	0.00
Employee Benefits	200	0.00	0.00	0.00	0.00
Purchased Services	300	0.00	0.00	0.00	0.00
Energy Services	400	0.00	0.00	0.00	0.00
Materials and Supplies	500	0.00	0.00	0.00	0.00
Capital Outlay	600	0.00	0.00	0.00	0.00
Other	700	0.00	0.00	0.00	0.00
Depreciation and Amortization Expense	780	0.00	0.00	0.00	0.00
<b>Total Operating Expenses</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Operating Income (Loss)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income	3430	0.00	0.00	0.00	0.00
Gifts, Grants and Bequests	3440	0.00	0.00	0.00	0.00
Other Miscellaneous Local Sources	3495	0.00	0.00	0.00	0.00
Loss Recoveries	3740	0.00	0.00	0.00	0.00
Gain on Disposition of Assets	3780	0.00	0.00	0.00	0.00
Interest	720	0.00	0.00	0.00	0.00
Miscellaneous	790	0.00	0.00	0.00	0.00
Loss on Disposition of Assets	810	0.00	0.00	0.00	0.00
<b>Total Nonoperating Revenues (Expenses)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Income (Loss) Before Operating Transfers</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Transfers In	3600	0.00	0.00	0.00	0.00
Transfers Out	9700	0.00	0.00	0.00	0.00
<b>SPECIAL ITEMS</b>					
<b>EXTRAORDINARY ITEMS</b>					
<b>Change In Net Position</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net Position, July 1, 2016	2880	0.00	0.00	0.00	0.00
Adjustments to Net Position	2896	0.00	0.00	0.00	0.00
Net Position, June 30, 2017	2780	0.00	0.00	0.00	0.00



DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
PROPRIETARY STATEMENTS OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2017

	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	Nonmajor Fund N	
	Self-Insurance 911	Self-Insurance 912	Self-Insurance 913	Self-Insurance 914	Enterprise Funds AERA - Consortium 915	Other 921	Other 922	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users								0.00
Receipts from interfund services provided								0.00
Payments to suppliers								0.00
Payments to employees								0.00
Payments for interfund services used								0.00
Other receipts (payments)								0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Subsidies from operating grants								0.00
Transfers from other funds								0.00
<b>Net cash provided (used) by noncapital financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from capital debt								0.00
Capital contributions								0.00
Proceeds from disposition of capital assets								0.00
Acquisition and construction of capital assets								0.00
Principal paid on capital debt								0.00
Interest paid on capital debt								0.00
<b>Net cash provided (used) by capital and related financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sales and maturities of investments								0.00
Interest and dividends received								0.00
Purchase of investments								0.00
<b>Net cash provided (used) by investing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net increase (decrease) in cash and cash equivalents</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents - July 1, 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents - June 30, 2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>								
Operating income (loss)								0.00
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation/Amortization expense								0.00
Commodities used from USDA program								0.00
Change in assets and liabilities:								
(Decrease) increase in accounts receivable								0.00
(Decrease) increase in interest receivable								0.00
(Decrease) increase in due from insurer								0.00
(Decrease) increase in deposits receivable								0.00
(Decrease) increase in due from other funds								0.00
(Decrease) increase in due from other agencies								0.00
(Decrease) increase in inventory								0.00
(Decrease) increase in prepaid items								0.00
(Decrease) increase in pension								0.00
(Decrease) increase in salaries and benefits payable								0.00
(Decrease) increase in payroll tax liabilities								0.00
(Decrease) increase in accounts payable								0.00
(Decrease) increase in cash overdraft								0.00
(Decrease) increase in judgments payable								0.00
(Decrease) increase in sales tax payable								0.00
(Decrease) increase in accrued interest payable								0.00
(Decrease) increase in deposits payable								0.00
(Decrease) increase in due to other funds								0.00
(Decrease) increase in due to other agencies								0.00
(Decrease) increase in unearned revenues								0.00
(Decrease) increase in pension								0.00
(Decrease) increase in other postemployment benefits								0.00
(Decrease) increase in estimated unpaid claims - Self-Insurance Program								0.00
(Decrease) increase in estimated liability for claims adjustment								0.00
<b>Total adjustments</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Noncash investing, capital and financing activities:</b>								
Issuance under capital lease								0.00
Contributions of capital assets								0.00
Purchase of equipment on account								0.00
Capital asset trade-ins								0.00
Net Increase/Decrease in the fair value of investments								0.00
Commodities received through USDA program								0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
PROPRIETARY STATEMENTS OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2017

	Self-Insurance 711	Self-Insurance 712	Self-Insurance 713	Self-Insurance 714	Self-Insurance 715	Consortium Programs 731	Other Internal Service 791	Total Internal Service Funds	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Receipts from customers and users								0.00	0.00
Receipts from interfund services provided								0.00	0.00
Payments to suppliers								0.00	0.00
Payments to employees								0.00	0.00
Payments for interfund services used								0.00	0.00
Other receipts (payments)								0.00	0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Subsidies from operating grants								0.00	0.00
Transfers from other funds								0.00	0.00
<b>Net cash provided (used) by noncapital financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Proceeds from capital debt								0.00	0.00
Capital contributions								0.00	0.00
Proceeds from disposition of capital assets								0.00	0.00
Acquisition and construction of capital assets								0.00	0.00
Principal paid on capital debt								0.00	0.00
Interest paid on capital debt								0.00	0.00
<b>Net cash provided (used) by capital and related financing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Proceeds from sales and maturities of investments								0.00	0.00
Interest and dividends received								0.00	0.00
Purchase of investments								0.00	0.00
<b>Net cash provided (used) by investing activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net increase (decrease) in cash and cash equivalents</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents - July 1, 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents - June 30, 2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>									
Operating income (loss)								0.00	0.00
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation/Amortization expense								0.00	0.00
Commodities used from USDA program								0.00	0.00
Change in assets and liabilities:									
(Decrease) increase in accounts receivable								0.00	0.00
(Decrease) increase in interest receivable								0.00	0.00
(Decrease) increase in due from insurer								0.00	0.00
(Decrease) increase in deposits receivable								0.00	0.00
(Decrease) increase in due from other funds								0.00	0.00
(Decrease) increase in due from other agencies								0.00	0.00
(Decrease) increase in inventory								0.00	0.00
(Decrease) increase in prepaid items								0.00	0.00
(Decrease) increase in pension								0.00	0.00
(Decrease) increase in salaries and benefits payable								0.00	0.00
(Decrease) increase in payroll tax liabilities								0.00	0.00
(Decrease) increase in accounts payable								0.00	0.00
(Decrease) increase in judgments payable								0.00	0.00
(Decrease) increase in sales tax payable								0.00	0.00
(Decrease) increase in accrued interest payable								0.00	0.00
(Decrease) increase in deposits payable								0.00	0.00
(Decrease) increase in due to other funds								0.00	0.00
(Decrease) increase in due to other agencies								0.00	0.00
(Decrease) increase in unearned revenues								0.00	0.00
(Decrease) increase in pension								0.00	0.00
(Decrease) increase in other postemployment benefits								0.00	0.00
(Decrease) increase in estimated unpaid claims - Self-Insurance Program								0.00	0.00
(Decrease) increase in estimated liability for claims adjustment								0.00	0.00
<b>Total adjustments</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net cash provided (used) by operating activities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Noncash investing, capital and financing activities:</b>									
Issuance under capital lease								0.00	0.00
Contributions of capital assets								0.00	0.00
Purchase of equipment on account								0.00	0.00
Capital asset trade-ins								0.00	0.00
Net Increase/Decrease in the fair value of investments								0.00	0.00
Commodities received through USDA program								0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
STATEMENTS OF FIDUCIARY NET POSITION  
June 30, 2017

	Account Number	Investment Trust Funds				Private-Purpose Trust Fund Name 85X
		Investment Trust Fund Name 84X	Investment Trust Fund Name 84X	Investment Trust Fund Name 84X	Total Investment Trust Funds	
<b>ASSETS</b>						
Cash and Cash Equivalents	1110				0.00	
Investments	1160				0.00	
Accounts Receivable, Net	1131				0.00	
Pension Contributions Receivable	1132				0.00	
Interest Receivable on Investments	1170				0.00	
Due from Budgetary Funds	1141				0.00	
Due from Other Agencies	1220				0.00	
Inventory	1150				0.00	
<b>Total Assets</b>		0.00	0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				0.00	
Pension	1940				0.00	
Other Postemployment Benefits	1950				0.00	
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00	0.00
<b>LIABILITIES</b>						
Cash Overdraft	2125				0.00	
Accrued Salaries and Benefits	2110				0.00	
Payroll Deductions and Withholdings	2170				0.00	
Accounts Payable	2120				0.00	
Internal Accounts Payable	2290				0.00	
Due to Other Agencies	2230				0.00	
Due to Budgetary Funds	2161				0.00	
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Accumulated Increase in Fair Value of Hedging Derivatives	2610				0.00	
Pension	2640				0.00	
Other Postemployment Benefits	2650				0.00	
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00	0.00
<b>NET POSITION</b>						
Held in Trust for Pension Benefits	2785				0.00	
Held in Trust for Other Purposes	2785				0.00	
<b>Total Net Position</b>		0.00	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
STATEMENTS OF FIDUCIARY NET POSITION  
June 30, 2017

	Account Number	Private-Purpose Trust Funds		
		Private-Purpose Trust Fund Name 85X	Private-Purpose Trust Fund Name 85X	Total Private-Purpose Trust Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	1110			0.00
Investments	1160			0.00
Accounts Receivable, Net	1131			0.00
Pension Contributions Receivable	1132			0.00
Interest Receivable on Investments	1170			0.00
Due from Budgetary Funds	1141			0.00
Due from Other Agencies	1220			0.00
Inventory	1150			0.00
<b>Total Assets</b>		0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	1910			0.00
Pension	1940			0.00
Other Postemployment Benefits	1950			0.00
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00
<b>LIABILITIES</b>				
Cash Overdraft	2125			0.00
Accrued Salaries and Benefits	2110			0.00
Payroll Deductions and Withholdings	2170			0.00
Accounts Payable	2120			0.00
Internal Accounts Payable	2290			0.00
Due to Other Agencies	2230			0.00
Due to Budgetary Funds	2161			0.00
<b>Total Liabilities</b>		0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Accumulated Increase in Fair Value of Hedging Derivatives	2610			0.00
Pension	2640			0.00
Other Postemployment Benefits	2650			0.00
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00
<b>NET POSITION</b>				
Held in Trust for Pension Benefits	2785			0.00
Held in Trust for Other Purposes	2785			0.00
<b>Total Net Position</b>		0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
STATEMENTS OF FIDUCIARY NET POSITION  
June 30, 2017

	Account Number	Pension Trust Funds				School Internal Funds 891
		Pension Trust Fund Name 87X	Pension Trust Fund Name 87X	Pension Trust Fund Name 87X	Total Pension Trust Funds	
<b>ASSETS</b>						
Cash and Cash Equivalents	1110				0.00	1,011,431.00
Investments	1160				0.00	26,591.00
Accounts Receivable, Net	1131				0.00	6,203.00
Pension Contributions Receivable	1132				0.00	
Interest Receivable on Investments	1170				0.00	0.00
Due from Budgetary Funds	1141				0.00	0.00
Due from Other Agencies	1220				0.00	0.00
Inventory	1150				0.00	0.00
<b>Total Assets</b>		0.00	0.00	0.00	0.00	1,044,225.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				0.00	
Pension	1940				0.00	
Other Postemployment Benefits	1950				0.00	
<b>Total Deferred Outflows of Resources</b>		0.00	0.00	0.00	0.00	
<b>LIABILITIES</b>						
Cash Overdraft	2125				0.00	0.00
Accrued Salaries and Benefits	2110				0.00	0.00
Payroll Deductions and Withholdings	2170				0.00	0.00
Accounts Payable	2120				0.00	0.00
Internal Accounts Payable	2290				0.00	0.00
Due to Other Agencies	2230				0.00	
Due to Budgetary Funds	2161				0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Accumulated Increase in Fair Value of Hedging Derivatives	2610				0.00	
Pension	2640				0.00	
Other Postemployment Benefits	2650				0.00	
<b>Total Deferred Inflows of Resources</b>		0.00	0.00	0.00	0.00	
<b>NET POSITION</b>						
Held in Trust for Pension Benefits	2785				0.00	
Held in Trust for Other Purposes	2785				0.00	
<b>Total Net Position</b>		0.00	0.00	0.00	0.00	

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
STATEMENTS OF FIDUCIARY NET POSITION  
June 30, 2017

	Account Number	Agency Funds			Total Fiduciary Funds
		Agency Fund Name 89X	Agency Fund Name 89X	Total Agency Funds	
<b>ASSETS</b>					
Cash and Cash Equivalents	1110			1,011,431.00	1,011,431.00
Investments	1160			26,591.00	26,591.00
Accounts Receivable, Net	1131			6,203.00	6,203.00
Pension Contributions Receivable	1132				0.00
Interest Receivable on Investments	1170			0.00	0.00
Due from Budgetary Funds	1141			0.00	0.00
Due from Other Agencies	1220			0.00	0.00
Inventory	1150			0.00	0.00
<b>Total Assets</b>		0.00	0.00	1,044,225.00	1,044,225.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				0.00
Pension	1940				0.00
Other Postemployment Benefits	1950				0.00
<b>Total Deferred Outflows of Resources</b>					0.00
<b>LIABILITIES</b>					
Cash Overdraft	2125			0.00	0.00
Accrued Salaries and Benefits	2110			0.00	0.00
Payroll Deductions and Withholdings	2170			0.00	0.00
Accounts Payable	2120			0.00	0.00
Internal Accounts Payable	2290			0.00	0.00
Due to Other Agencies	2230			0.00	0.00
Due to Budgetary Funds	2161			0.00	0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				0.00
Pension	2640				0.00
Other Postemployment Benefits	2650				0.00
<b>Total Deferred Inflows of Resources</b>					0.00
<b>NET POSITION</b>					
Held in Trust for Pension Benefits	2785				0.00
Held in Trust for Other Purposes	2785				0.00
<b>Total Net Position</b>					0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
For the Fiscal Year Ended June 30, 2017

	Account Number	Investment Trust Funds			Total Investment Funds
		Investment Trust Fund Name 84X	Investment Trust Fund Name 84X	Investment Trust Fund Name 84X	
<b>ADDITIONS</b>					
<i>Contributions:</i>					
Employer					0.00
Plan Members					0.00
Gifts, Grants and Bequests	3440				0.00
<i>Investment Income:</i>					
Interest on Investments	3431				0.00
Gain on Sale of Investments	3432				0.00
Net Increase (Decrease) in the Fair Value of Investments	3433				0.00
Total Investment Income		0.00	0.00	0.00	0.00
Less Investment Expense					0.00
Net Investment Income		0.00	0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00	0.00
<b>DEDUCTIONS</b>					
Salaries	100				0.00
Employee Benefits	200				0.00
Purchased Services	300				0.00
Other	700				0.00
Refunds of Contributions					0.00
Administrative Expenses					0.00
<b>Total Deductions</b>		0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00	0.00
Net Position Held In Trust, July 1, 2016	2885				0.00
Adjustments to Net Position	2896				0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2017	2785	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
For the Fiscal Year Ended June 30, 2017

	Account Number	Private-Purpose Trust Funds			Total Private-Purpose Trust Funds
		Private-Purpose Trust Fund Name 85X	Private-Purpose Trust Fund Name 85X	Private-Purpose Trust Fund Name 85X	
<b>ADDITIONS</b>					
<i>Contributions:</i>					
Employer					0.00
Plan Members					0.00
Gifts, Grants and Bequests	3440				0.00
<i>Investment Income:</i>					
Interest on Investments	3431				0.00
Gain on Sale of Investments	3432				0.00
Net Increase (Decrease) in the Fair Value of Investments	3433				0.00
Total Investment Income		0.00	0.00	0.00	0.00
Less Investment Expense					0.00
Net Investment Income		0.00	0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00	0.00
<b>DEDUCTIONS</b>					
Salaries	100				0.00
Employee Benefits	200				0.00
Purchased Services	300				0.00
Other	700				0.00
Refunds of Contributions					0.00
Administrative Expenses					0.00
<b>Total Deductions</b>		0.00	0.00	0.00	0.00
<b>Change in Net Position</b>		0.00	0.00	0.00	0.00
Net Position Held In Trust, July 1, 2016	2885				0.00
Adjustments to Net Position	2896				0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2017	2785	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITIO  
For the Fiscal Year Ended June 30, 2017

	Account Number	Pension Trust Funds			Total Pension Trust Funds
		Pension Trust Fund Name 87X	Pension Trust Fund Name 87X	Pension Trust Fund Name 87X	
<b>ADDITIONS</b>					
<i>Contributions:</i>					
Employer					0.00
Plan Members					0.00
Gifts, Grants and Bequests	3440				0.00
<i>Investment Income:</i>					
Interest on Investments	3431				0.00
Gain on Sale of Investments	3432				0.00
Net Increase (Decrease) in the Fair Value of Investments	3433				0.00
Total Investment Income		0.00	0.00	0.00	0.00
Less Investment Expense					0.00
Net Investment Income		0.00	0.00	0.00	0.00
<b>Total Additions</b>		0.00	0.00	0.00	0.00
<b>DEDUCTIONS</b>					
Salaries	100				0.00
Employee Benefits	200				0.00
Purchased Services	300				0.00
Other	700				0.00
Refunds of Contributions					0.00
Administrative Expenses					0.00
<b>Total Deductions</b>		0.00	0.00	0.00	0.00
<b>Change In Net Position</b>		0.00	0.00	0.00	0.00
Net Position Held In Trust, July 1, 2016	2885				0.00
Adjustments to Net Position	2896				0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2017	2785	0.00	0.00	0.00	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITIO  
For the Fiscal Year Ended June 30, 2017

	Account Number	Total Fiduciary Funds
<b>ADDITIONS</b>		
<i>Contributions:</i>		
Employer		0.00
Plan Members		0.00
Gifts, Grants and Bequests	3440	0.00
<i>Investment Income:</i>		
Interest on Investments	3431	0.00
Gain on Sale of Investments	3432	0.00
Net Increase (Decrease) in the Fair Value of Investments	3433	0.00
Total Investment Income		0.00
Less Investment Expense		0.00
Net Investment Income		0.00
<b>Total Additions</b>		0.00
<b>DEDUCTIONS</b>		
Salaries	100	0.00
Employee Benefits	200	0.00
Purchased Services	300	0.00
Other	700	0.00
Refunds of Contributions		0.00
Administrative Expenses		0.00
<b>Total Deductions</b>		0.00
<b>Change In Net Position</b>		0.00
Net Position Held In Trust, July 1, 2016	2885	0.00
Adjustments to Net Position	2896	0.00
Net Position Held in Trust for Pension Benefits and Other Purposes, June 30, 2017	2785	0.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
FIDUCIARY STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2017

	Account Number	School Internal Funds 891			
		Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	941,982.00	2,903,402.00	2,833,953.00	1,011,431.00
Investments	1160	26,538.00	53.00	0.00	26,591.00
Accounts Receivable, Net	1131	6,203.00	0.00	0.00	6,203.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due from Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due from Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
<b>Total Assets</b>		974,723.00	2,903,455.00	2,833,953.00	1,044,225.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	413.00	0.00	413.00	0.00
Internal Accounts Payable	2290	974,310.00	0.00	974,310.00	0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		974,723.00	0.00	974,723.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

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DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
FIDUCIARY STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2017

	Account Number	Agency Fund Name			
		Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>					
Cash and Cash Equivalents	1110				0.00
Investments	1160				0.00
Accounts Receivable, Net	1131				0.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170				0.00
Due from Budgetary Funds	1141				0.00
Due from Other Agencies	1220				0.00
Inventory	1150				0.00
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125				0.00
Accrued Salaries and Benefits	2110				0.00
Payroll Deductions and Withholdings	2170				0.00
Accounts Payable	2120				0.00
Internal Accounts Payable	2290				0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161				0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
FIDUCIARY STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2017

	Account Number	Agency Fund Name			
		Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>					
Cash and Cash Equivalents	1110				0.00
Investments	1160				0.00
Accounts Receivable, Net	1131				0.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170				0.00
Due from Budgetary Funds	1141				0.00
Due from Other Agencies	1220				0.00
Inventory	1150				0.00
<b>Total Assets</b>		0.00	0.00	0.00	0.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125				0.00
Accrued Salaries and Benefits	2110				0.00
Payroll Deductions and Withholdings	2170				0.00
Accounts Payable	2120				0.00
Internal Accounts Payable	2290				0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161				0.00
<b>Total Liabilities</b>		0.00	0.00	0.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
FIDUCIARY STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2017

	Account Number	Total Agency Funds			
		Total Agency Funds Balances July 1, 2016	Total Agency Funds Additions	Total Agency Funds Deductions	Total Agency Funds Balances June 30, 2017
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	941,982.00	2,903,402.00	2,833,953.00	1,011,431.00
Investments	1160	26,538.00	53.00	0.00	26,591.00
Accounts Receivable, Net	1131	6,203.00	0.00	0.00	6,203.00
Pension Contributions Receivable	1132				
Interest Receivable on Investments	1170	0.00	0.00	0.00	0.00
Due from Budgetary Funds	1141	0.00	0.00	0.00	0.00
Due from Other Agencies	1220	0.00	0.00	0.00	0.00
Inventory	1150	0.00	0.00	0.00	0.00
<b>Total Assets</b>		974,723.00	2,903,455.00	2,833,953.00	1,044,225.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				
Pension	1940				
Other Postemployment Benefits	1950				
<b>Total Deferred Outflows of Resources</b>					
<b>LIABILITIES</b>					
Cash Overdraft	2125	0.00	0.00	0.00	0.00
Accrued Salaries and Benefits	2110	0.00	0.00	0.00	0.00
Payroll Deductions and Withholdings	2170	0.00	0.00	0.00	0.00
Accounts Payable	2120	413.00	0.00	413.00	0.00
Internal Accounts Payable	2290	974,310.00	0.00	974,310.00	0.00
Due to Other Agencies	2230				
Due to Budgetary Funds	2161	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>		974,723.00	0.00	974,723.00	0.00
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				
Pension	2640				
Other Postemployment Benefits	2650				
<b>Total Deferred Inflows of Resources</b>					

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
COMPONENT UNITS STATEMENTS OF NET POSITION  
June 30, 2017

	Account Number	Nonmajor Component Units			Total Nonmajor Component Units
		The Riverside School, Inc.	Walton Academics	Nonmajor Component Unit Name	
<b>ASSETS</b>					
Cash and Cash Equivalents	1110	2,147,266.00	263,752.00		2,410,958.00
Receivables	1100	43,102.00			43,102.00
Notes Receivable, Net	1120				.00
Accounts Receivable, Net	1131	156,097.00			156,097.00
Interest Receivable on Investments	1150				.00
Due from Other Agencies	1120		12,178.00		12,178.00
Due from Insurer	1180				.00
Interest Dividends	1201		6,071.00		6,071.00
Current Investment Assets	1411				.00
Securities (U.S.), U.S. P.R. Line Proceeds	1420				.00
Securities	1200				.00
Fixed Term	1300	17,163.00	9,610.00		26,773.00
Long-Term Investments	1400				.00
Capital Investment Funds	1500				.00
Other Postemployment Benefits Asset	1410				.00
Prepaid Asset	1411				.00
Capital assets:					
Land	1310	816,000.00	12,413.00		828,413.00
Land Improvements - Nondepreciable	1311				.00
Construction in Progress	1300				.00
Nondepreciable Capital Assets	1320	816,000.00	12,413.00	0.00	828,413.00
Buildings, Other Dam Buildings	1320	14,610.00	260,500.00		275,110.00
Time Accumulated Depreciation	1320	(17,110.00)	(284,720.00)		(271,830.00)
Buildings and Fixed Equipment	1310	1,726,130.00	717,280.00		2,443,410.00
Land Accumulated Depreciation	1310	(492,117.00)	(181,000.00)		(673,117.00)
Furniture, Fixtures and Equipment	1340	156,941.00	40,947.00		197,888.00
Land Accumulated Depreciation	1340	(770,590.00)	(85,770.00)		(856,360.00)
Motor Vehicles	1350				.00
Land Accumulated Depreciation	1350				.00
Prepaid Under Capital Leases	1370	(7,493.00)			(7,493.00)
Land Accumulated Depreciation	1370	(17,540.00)			(17,540.00)
Intangible Intangibles	1360				.00
Land Accumulated Depreciation	1360				.00
Computer Software	1380	41,936.00			41,936.00
Land Accumulated Depreciation	1380	(18,300.00)			(18,300.00)
Depreciable Capital Assets, Net	1300	1,363,204.00	196,687.00	0.00	1,559,891.00
Fixed Capital Assets		2,179,264.00	210,009.00	0.00	2,389,273.00
Total Assets		2,444,700.00	521,660.00	0.00	2,966,360.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910				.00
Net Current Amount of Debt Refunding	1920				.00
Derivatives	1900	775,277.00	330,479.00		1,095,856.00
Other Postemployment Benefits	1900				.00
Total Deferred Outflows of Resources		775,277.00	330,479.00	0.00	1,095,856.00
<b>LIABILITIES</b>					
Cash Overhead	2120				.00
Accrued Interest and Dividends	2120				.00
Payable Interest on Bonds	2100		1,700.00		1,700.00
Accounts Payable	2120	160,000.00	60.00		160,060.00
Due to Bondholders	2100				.00
Due to Bondholders - Long	2100				.00
Accrued Interest Payable	2120				.00
Accounts Payable	2120				.00
Due to Other Agencies	2100				.00
Due to Bank Agent	2100				.00
Other Postemployment Benefits Liability	2110				.00
Intertests Payable	2110				.00
Construction Contract Payable	2140				.00
Construction Contract Payable - Retained Percentage	2130				.00
Estimated Unpaid Loans - Self Insurance Program	2210				.00
Estimated Liability for Claims Adjustment	2210				.00
Estimated Liability for Advances Refund	2200				.00
Long-Term Liabilities					
Payable Due After One Year:					
Notes Payable	2310				.00
Obligations Under Capital Leases	2311	4,740.00			4,740.00
Bonds Payable	2320				.00
Liability for Compensated Absences	2330	13,528.00			13,528.00
Long-Term Debt Obligations Payable	2340				.00
Estimated Liability for Long-Term Liabilities	2350				.00
Due to Other Postemployment Benefits Obligation	2360				.00
Due to Pension Liability	2370		750,601.00		750,601.00
Estimated P.E.O. Advance Payable	2370				.00
Other Long-Term Liabilities	2380				.00
Construction Contract Payable	2390				.00
Estimated Liability for Advances Refund	2390				.00
Long-Term Liabilities	2300	20,268.00	752,601.00	0.00	772,869.00
Payable Due After One Year:					
Notes Payable	2310				.00
Obligations Under Capital Leases	2311	1,211.00			1,211.00
Bonds Payable	2320				.00
Liability for Compensated Absences	2330				.00
Long-Term Debt Obligations Payable	2340				.00
Estimated Liability for Long-Term Liabilities	2350				.00
Due to Other Postemployment Benefits Obligation	2360				.00
Due to Pension Liability	2370	1,316,430.00			1,316,430.00
Estimated P.E.O. Advance Payable	2370				.00
Other Long-Term Liabilities	2380				.00
Construction Contract Payable	2390				.00
Estimated Liability for Advances Refund	2390				.00
Due to Short-Term One Year:					
Long-Term Liabilities	2300	1,337,641.00	752,601.00	0.00	2,090,242.00
Total Liabilities		1,404,604.00	776,362.00	0.00	2,180,966.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610				.00
Net Current Amount of Debt Refunding	2620				.00
Derivatives	2600	252,252.00	37,693.00		289,945.00
Other Postemployment Benefits	2600				.00
Total Deferred Outflows of Resources		252,252.00	37,693.00	0.00	289,945.00
<b>NET POSITION</b>					
Net Investment in Capital Assets	2710	2,179,264.00	210,009.00		2,389,273.00
Restricted Fund	2700				.00
Unrestricted Fund	2700				.00
Capital Projects	2700				.00
Other Funds	2700				.00
Unrestricted	2700	1,627,747.00	170,200.00		1,797,947.00
Total Net Position		3,001,001.00	1,818,400.00	0.00	4,819,401.00

DISTRICT SCHOOL BOARD OF WALTON COUNTY  
ENTRY FORM  
COMPONENT UNITS STATEMENTS OF NET POSITION  
June 30, 2017

	Account Number	Major Component Unit Name	Major Component Unit Name	Total Major Component Units	Total Component Units
<b>ASSETS</b>					
Cash and Cash Equivalents	1110			0.00	2,410,958.00
Receivables	1100			0.00	43,102.00
Notes Receivable, Net	1120			0.00	.00
Accounts Receivable, Net	1131			0.00	156,097.00
Interest Receivable on Investments	1150			0.00	.00
Due from Other Agencies	1120			0.00	12,178.00
Due from Insurer	1180			0.00	.00
Interest Dividends	1201			0.00	6,071.00
Current Investment Assets	1411			0.00	.00
Securities (U.S.), U.S. P.R. Line Proceeds	1420			0.00	.00
Securities	1200			0.00	.00
Fixed Term	1300			0.00	26,773.00
Long-Term Investments	1400			0.00	.00
Capital Investment Funds	1500			0.00	.00
Other Postemployment Benefits Asset	1410			0.00	.00
Prepaid Asset	1411			0.00	.00
Capital assets:					
Land	1310			0.00	828,413.00
Land Improvements - Nondepreciable	1311			0.00	.00
Construction in Progress	1300			0.00	.00
Nondepreciable Capital Assets	1320	0.00	0.00	0.00	828,413.00
Buildings, Other Dam Buildings	1320			0.00	275,110.00
Time Accumulated Depreciation	1320			0.00	(271,830.00)
Buildings and Fixed Equipment	1310			0.00	2,443,410.00
Land Accumulated Depreciation	1310			0.00	(673,117.00)
Furniture, Fixtures and Equipment	1340			0.00	197,888.00
Land Accumulated Depreciation	1340			0.00	(856,360.00)
Motor Vehicles	1350			0.00	.00
Land Accumulated Depreciation	1350			0.00	.00
Prepaid Under Capital Leases	1370			0.00	(7,493.00)
Land Accumulated Depreciation	1370			0.00	(17,540.00)
Intangible Intangibles	1360			0.00	.00
Land Accumulated Depreciation	1360			0.00	.00
Computer Software	1380			0.00	41,936.00
Land Accumulated Depreciation	1380			0.00	(18,300.00)
Depreciable Capital Assets, Net	1300		0.00	0.00	1,559,891.00
Fixed Capital Assets			0.00	0.00	2,389,273.00
Total Assets			0.00	0.00	2,966,360.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	1910			0.00	.00
Net Current Amount of Debt Refunding	1920			0.00	.00
Derivatives	1900			0.00	1,095,856.00
Other Postemployment Benefits	1900			0.00	.00
Total Deferred Outflows of Resources			0.00	0.00	1,095,856.00
<b>LIABILITIES</b>					
Cash Overhead	2120			0.00	.00
Accrued Interest and Dividends	2120			0.00	.00
Payable Interest on Bonds	2100			0.00	1,700.00
Accounts Payable	2120			0.00	160,060.00
Due to Bondholders	2100			0.00	.00
Due to Bondholders - Long	2100			0.00	.00
Accrued Interest Payable	2120			0.00	.00
Accounts Payable	2120			0.00	.00
Due to Other Agencies	2100			0.00	.00
Due to Bank Agent	2100			0.00	.00
Other Postemployment Benefits Liability	2110			0.00	.00
Intertests Payable	2110			0.00	.00
Construction Contract Payable	2140			0.00	.00
Construction Contract Payable - Retained Percentage	2130			0.00	.00
Estimated Unpaid Loans - Self Insurance Program	2210			0.00	.00
Estimated Liability for Claims Adjustment	2210			0.00	.00
Estimated Liability for Advances Refund	2200			0.00	.00
Long-Term Liabilities					
Payable Due After One Year:					
Notes Payable	2310			0.00	.00
Obligations Under Capital Leases	2311			0.00	4,740.00
Bonds Payable	2320			0.00	.00
Liability for Compensated Absences	2330			0.00	13,528.00
Long-Term Debt Obligations Payable	2340			0.00	.00
Estimated Liability for Long-Term Liabilities	2350			0.00	.00
Due to Other Postemployment Benefits Obligation	2360			0.00	.00
Due to Pension Liability	2370			0.00	750,601.00
Estimated P.E.O. Advance Payable	2370			0.00	.00
Other Long-Term Liabilities	2380			0.00	.00
Construction Contract Payable	2390			0.00	.00
Estimated Liability for Advances Refund	2390			0.00	.00
Long-Term Liabilities	2300		0.00	0.00	772,869.00
Payable Due After One Year:					
Notes Payable	2310			0.00	.00
Obligations Under Capital Leases	2311			0.00	1,211.00
Bonds Payable	2320			0.00	.00
Liability for Compensated Absences	2330			0.00	.00
Long-Term Debt Obligations Payable	2340			0.00	.00
Estimated Liability for Long-Term Liabilities	2350			0.00	.00
Due to Other Postemployment Benefits Obligation	2360			0.00	.00
Due to Pension Liability	2370			0.00	1,316,430.00
Estimated P.E.O. Advance Payable	2370			0.00	.00
Other Long-Term Liabilities	2380			0.00	.00
Construction Contract Payable	2390			0.00	.00
Estimated Liability for Advances Refund	2390			0.00	.00
Due to Short-Term One Year:					
Long-Term Liabilities	2300		0.00	0.00	2,090,242.00
Total Liabilities			0.00	0.00	2,180,966.00
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Increase in Fair Value of Hedging Derivatives	2610			0.00	.00
Net Current Amount of Debt Refunding	2620			0.00	.00
Derivatives	2600			0.00	289,945.00
Other Postemployment Benefits	2600			0.00	.00
Total Deferred Outflows of Resources			0.00	0.00	289,945.00
<b>NET POSITION</b>					
Net Investment in Capital Assets	2710			0.00	2,389,273.00
Restricted Fund	2700			0.00	.00
Unrestricted Fund	2700			0.00	.00
Capital Projects	2700			0.00	.00
Other Funds	2700			0.00	.00
Unrestricted	2700			0.00	1,797,947.00
Total Net Position			0.00	0.00	4,819,401.00



**General Revenues:**

**General Revenues:**

**General Revenues:**

**General Revenues:**



General Revenues:	
<i>Taxes:</i>	
Property Taxes, Levied for Operational Purposes	0.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	0.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	0.00
Investment Earnings	0.00
Miscellaneous	0.00
Special Items	0.00
Extraordinary Items	0.00
Transfers	0.00
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>	<b>0.00</b>
<b>Change in Net Position</b>	<b>0.00</b>
Net Position, July 1, 2016	0.00
Adjustments to Net Position	0.00
Net Position, June 30, 2017	0.00

<b>General Revenues:</b>	
<i>Taxes:</i>	
Property Taxes, Levied for Operational Purposes	0.00
Property Taxes, Levied for Debt Service	0.00
Property Taxes, Levied for Capital Projects	0.00
Local Sales Taxes	0.00
Grants and Contributions Not Restricted to Specific Programs	6,085,717.00
Investment Earnings	11,543.00
Miscellaneous	345,149.00
Special Items	0.00
Extraordinary Items	0.00
Transfers	0.00
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>	<b>6,442,409.00</b>
<b>Change in Net Position</b>	<b>175,143.00</b>
Net Position, July 1, 2016	3,640,626.00
Adjustments to Net Position	0.00
Net Position, June 30, 2017	3,815,769.00

## APPENDIX C

### DEFINITIONS

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## **APPENDIX C**

### **DEFINITIONS APPLICABLE TO THE BASIC DOCUMENTS**

“Accreted Value” of a Capital Appreciation Certificate means the original principal amount thereof plus interest accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Payment Date commencing on the Payment Date next succeeding the dated date of such Capital Appreciation Certificates to the date of maturity or prepayment prior to maturity of such Capital Appreciation Certificates on the date of determination. The Accreted Value with respect to any date other than a Payment Date is the Accreted Value on the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates plus the percentage of the difference between the Accreted Value as of the next preceding Payment Date and the Accreted Value on the next succeeding Payment Date derived by dividing the number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the date of determination by the total number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the next succeeding Payment Date.

“Act” means Chapters 1001, 1011 and 1013, Florida Statutes, and other applicable provisions of law.

“Amortization Installment” means an annual amount designated as such by the Trust Agreement, such amount to be included in the Basic Rent Payments and to be deposited by the Trustee to the credit of the Principal Account for the purpose of paying Term Certificates.

“Architect” means with respect to a Project involving the construction of a Building, the architect or firm of architects appointed to perform the duties of the Architect in accordance with Section 5.01 of the Lease Agreement. The Architect may be an employee of the Board, the Developer or the Contractor.

“Assignment Agreement” means the Assignment Agreement, dated as of June 1, 1999, among the Corporation, the Trustee and the Board, as now or hereafter amended.

“Authorized Officer” when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for the purpose of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term “Authorized Officer” when used with respect to the Board, means the Chairman, the Superintendent or his designee or any other officer or employee of the Board designated by the Board as an Authorized Officer for purposes of the Lease Agreement and the

Trust Agreement in a written certificate signed by the Chairman of the Board and filed with the Trustee.

“Available Revenues” means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. “Available Revenues” shall include, but not be limited to, PECO Funds, FEFP and the Capital Outlay Millage which at the time of application thereof may legally be used to pay Basic Rent or Supplemental Rent or the principal or interest component of the Certificates of Participation.

“Basic Rent” or “Basic Rent Payment” means the Basic Rent payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement.

“Basic Rent Payment Date” means the dates on which Basic Rent become due as described in the Lease Schedules. Such Basic Rent Payment Dates shall occur on each January 1 and July 1 unless a Lease Schedule states otherwise; provided, payments of Basic Rent shall be made at the time indicated in Section 4.03 of the Lease Agreement.

“Board” means the School Board of Walton County, Florida, and any successor thereto.

“Budget” means the annual budget of revenues and expenses and capital expenditures required to be adopted by the Board for each Fiscal Year pursuant to the laws of the State. “Budget” shall include both the Board’s tentative Budget and its final Budget.

“Buildings” means, in regard to a Project, the structures to be financed or refinanced from a disbursement from the Project Account and leased to the Board as part of a Project pursuant to the terms of the Lease Agreement and Trust Agreement and which is more particularly described in the Lease Schedule relating to such Project, as the same may be modified or changed from time to time in accordance with the terms of the Lease Agreement and Trust Agreement.

“Business Day” means any day other than a Saturday or Sunday or a day on which the Trustee or banks located in the States of New York or Florida are authorized by law to be closed.

“Capital Appreciation Certificates” means the Certificates so designated by the Trust Agreement, which may be either Serial Certificates or Term Certificates and which shall bear interest payable at maturity or prepayment.

“Capital Funds” means the Capital Outlay Millage and any other revenues or funds of the Board which the Credit Enhancers shall agree in writing may be used to make Lease Payments.



“Capital Outlay Millage” means the revenues received by the Board from the levy of an ad valorem tax against non-exempt assessable property within the District and available to make Lease Payments pursuant to applicable law.

“Capitalized Interest Account” means the account by that name established under Section 6.02 of the Trust Agreement.

“Certificate” or “Certificates” means the certificates of participation prepared and delivered by the Trustee pursuant to the Trust Agreement.

“Certificate Documents” as to a Series of Certificates, means the Trust Agreement and applicable Supplemental Trust Agreement, the Lease Agreement, the applicable Lease Schedule, the applicable Ground Lease and the applicable Assignment Agreement.

“Certificate Register” means the books of the Trustee for registration of the ownership of the Certificates pursuant to Section 4.06 of the Trust Agreement.

“Closure Date” means, in regard to a Project, the date provided in the Lease Schedule relating thereto.

“Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rules applicable thereto.

“Commencement Date” means, with respect to a Project, the date set forth in the Lease Schedule relating thereto.

“Completion Certificates” means Certificates issued for purposes of completing a Project pursuant to Section 4.12 of the Trust Agreement.

“Completion Date” shall have, in regard to a Project, the meaning ascribed thereto in Section 6.03(g) of the Trust Agreement.

“Construction Contract” means a contract entered into between the Board on behalf of the Corporation and the Contractor or Developer providing for the terms upon which the Contractor or Developer shall construct and install a Project, or portion thereof.

“Contractor” means, with respect to a Project, the Person or Persons appointed by the Board on behalf of the Corporation to act in such capacity.

“Corporation” means the Walton County Public Education Finance Authority, Inc., a not-for-profit corporation organized and existing under the laws of the State, and any successor thereto.

“Costs of Issuance” means, in regard to a Series of Certificates and Lease Schedule related thereto, all costs and expenses related to the execution, sale and delivery of such Series of Certificates and execution and delivery of such Lease Schedule, including, but not limited to, costs paid or incurred by the Board, the Corporation or the Trustee for filing costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges and reimbursements, financial and other professional consultant fees and charges and reimbursements, auditors fees and charges and reimbursements, costs of rating agencies or credit ratings, fees for execution, registration, transportation and safekeeping of the Certificates, credit enhancement premiums and charges and fees in connection with the foregoing.

“Costs of Issuance Account” means the account by that name established under Section 6.02 of the Trust Agreement.

“Credit Bank” shall mean as to any particular Series of Certificates, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Lease Schedule relating to such Certificates.

“Credit Enhancer” means, with regard to a Series of Certificates, any Insurer or Credit Bank that provides a municipal bond insurance policy or Credit Facility, respectively, with regard to such Series of Certificates.

“Credit Facility” shall mean as to any particular Series of Certificates, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than a municipal bond insurance policy issued by an Insurer), as designated in the Lease Schedule relating to such Certificates.

“Current Interest Certificates” means Certificates so designated by the Trust Agreement and on which the interest on which is payable to the Owner thereof on the Payment Dates with respect thereto.

“Department” or “DOE” means the Department of Education of the State of Florida.

“Designated Equipment” means Equipment for which title is required by the Department to be in the name of the Board upon acquisition thereof and which is described as such in the Lease Schedule relating thereto. All Designated Equipment must be consented to by the Department or otherwise permitted by applicable law.

“Designated Office” means the corporate trust office of the Trustee so designated which is currently in Jacksonville, Florida, or the designated corporate trust office of any successor Trustee.

“Developer” means, with respect to a Project, the Person or Persons which shall enter into a Construction Contract with the Board to construct such Project, or portion thereof, on a “turnkey” basis.

“District” means the Walton County School District, and any successor thereto.

“Engineer” means, with respect to a Project involving the construction of a Building, the professional engineer or firm of engineers appointed to perform the duties of the Engineer in accordance with Section 5.01 of the Lease Agreement. The Engineer may be an employee of the Board, the Contractor or the Developer.

“Equipment” means, in regard to a Project, the items of personal property to be financed or refinanced by disbursements from the Project Account and leased to the Board pursuant to the terms and provisions of the Lease Agreement and which are more particularly described in the Lease Schedule relating to such Project, or any substitutions therefor or additions thereto made in accordance with the provisions of the Lease Agreement. “Equipment” shall include Designated Equipment. All Equipment must be consented to by the Department or otherwise permitted by applicable law.

“Estimated Completion Date” means, with respect to a Project, the date provided in the Lease Schedule related thereto.

“Event of Default” or “Default” when referenced to the Lease Agreement, means an event of default or default under the Lease Agreement as set forth in Section 7.02 of the Lease Agreement, and, when referenced to the Trust Agreement, shall mean an event of default or default as set forth in Section 8.01 of the Trust Agreement.

“Event of Non-Appropriation” shall have the meaning ascribed thereto in Section 7.01 of the Lease Agreement.

“Extraordinary Prepayment” means the extraordinary prepayment by the Board of all or a portion of the Lease Payments pursuant to Section 3.07 and 5.06 of the Lease Agreement.

“FEFP Funds” means moneys received by the Board from the Florida Education Finance Program pursuant to the Act, to the extent the Department permits such moneys to be used to make Lease Payments.

“Fiscal Year” means the period commencing on July 1 of each year and continuing through the next succeeding June 30, or such other period as may be prescribed by law.

“Ground Lease” means, in regard to a Project, a ground lease of the Premises relating thereto from the Board to the Corporation, as the same may be amended from time to time.

“Group” means, in regard to a Project, the group or groups of leased property which shall constitute a portion of such Project as described in the Lease Schedule related thereto.

“Initial Lease Term” means, in regard to a Project, the initial term of the lease of such Project from the Corporation to the Board pursuant to the terms of the Lease Agreement, which Initial Lease Term shall commence on the Commencement Date and shall end on the next succeeding June 30.

“Initial Lease Termination Date” means, in regard to a Project, the last day of the Initial Lease Term.

“Insurance Consultant” means a recognized, independent insurance consultant or broker selected by the Board, that has actuarial personnel experienced in the area of insurance for which the Board is to be self insured or a risk manager employed by the Board as the administrator of a self-insurance plan permitted by law.

“Insurer” means such Person which shall be in the business of insuring or guaranteeing the payment of the principal of and interest on municipal securities.

“Interest Account” means the account by that name established under Section 6.02 of the Trust Agreement.

“Interest Component” means the portion of each Basic Rent Payment constituting interest as set forth in the Lease Schedules.

“Land” means, in regard to a Project (1) the real property to be financed or refinanced by a disbursement from the Project Account, which shall be selected by the Board in the manner required by law, and (2) the leasehold interest of the Corporation in the Premises, if any, acquired pursuant to a Ground Lease, which, in either case, shall be leased to the Board as part of such Project pursuant to the terms of the Lease Agreement and which is more particularly described in the Lease Schedule relating thereto, to the extent identified and acquired by the Corporation on the Commencement Date.

“Late Payment Rate” means the interest rate per annum set forth in the applicable Lease Schedule.

“Lease Agreement” means the Master Lease-Purchase Agreement, dated as of June 1, 1999, by and between the Corporation, as lessor, and the Board, as lessee, including all Lease Schedules, as now or hereafter amended, modified or supplemented.

“Leasehold Estate” shall mean any leasehold interest created and granted under the related Ground Lease.

“Lease Payment Fund” means the fund by that name established under Section 6.02 of the Trust Agreement.

“Lease Payments” means, collectively, the Basic Rent, the Supplemental Rent and all other amounts owing under the Lease Agreement which are payable by the Board for the lease of the Projects and the Premises, pursuant to the Lease Agreement.

“Lease Schedule” means the Lease Schedule, the form of which is attached to the Lease Agreement as Exhibit C, which shall authorize the lease of a Project to the Board in accordance with the terms of the Lease Agreement.

“Lease Term” means, in regard to a Project, the term of the lease of such Project, pursuant to the provisions of the Lease Agreement and Lease Schedule relating thereto, which Lease Term shall commence on the first day of the Initial Lease Term and shall be equal to Maximum Lease Term of such Project unless the Lease Agreement is earlier terminated in accordance therewith in which case the Lease Term shall end on such date of termination.

“Letter of Instructions” means the Letter of Instructions attached to each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates as required by Section 6.12 of the Trust Agreement.

“Mandatory Prepayment” means the mandatory prepayment by the Board of all or a portion of the Lease Payments pursuant to Section 3.07 and 5.08 of the Lease Agreement.

“Mandatory Prepayment Date” means, in regard to a Series of Certificates, the date on which such Certificates shall be prepaid pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

“Maximum Cost” means, in regard to a Project, the maximum cost of such Project which shall be stated in the Lease Schedule relating thereto.

“Maximum Interest Rate” means, with respect to any particular Series of Variable Rate Certificates, a numerical rate of interest, which shall be set forth in the Supplemental Trust Agreement authorizing the issuance of such Certificates, that shall be the maximum rate of interest such Certificates may at any time bear.

“Maximum Lease Term” means, in regard to a Project, the maximum term of the lease of such Project as provided in the Lease Schedule relating thereto.

“Moody’s” or “Moody’s Investors Service” means Moody’s Investors Service Inc., or any successor thereto.

“Net Proceeds” means when used with respect to any insurance or condemnation award, means the amount of gross proceeds from such insurance or condemnation award remaining after payment of all reasonable expenses incurred in the collection of such gross proceeds.

“Optional Prepayment Date” means the date on which the moneys deposited by the Board pursuant to the exercise of a prepayment option under Section 4.06 of the Lease Agreement shall be applied to the prepayment of a Series of Certificates in accordance with the Lease Schedule and Supplemental Trust Agreement relating thereto.

“Outstanding” when used with reference to Certificates means, as of a particular date, all Certificates theretofore issued under the Trust Agreement, except:

- (1) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) Certificates which have been paid or provision for payment has been made in accordance with Section 12.01 of the Trust Agreement; and
- (3) Certificates in exchange for or in lieu of which other Certificates have been issued.

“Overdue Rate” or “Default Rate” means, unless otherwise defined in the Supplemental Trust Agreement relating to a particular Series of Certificates, means a rate of interest equal to the highest rate of interest which any of the Outstanding Certificates shall bear.

“Owner” or “Certificate Owner” or “Owner of Certificates” or any similar term, when used with respect to the Certificates means any Person who shall be the registered owner of any Outstanding Certificate.

“Payment Dates” except as otherwise provided in a Supplemental Trust Agreement means, with respect to the interest due on the Current Interest Certificates (other than Variable Rate Certificates), January 1 and July 1 of each year and, with respect to the principal of the Current Interest Certificates, July 1 in each of year except as otherwise set forth in the Supplemental Trust Agreements relating to such Series of Certificates. With respect to Capital Appreciation Certificates, except as otherwise provided in a Supplemental Trust Agreement, the Payment Date shall be July 1 in the years of maturity set forth in the Supplemental Trust Agreements relating to such Series of Certificates. The Payment Dates for Variable Rate Certificates shall be established in the Supplemental Trust Agreement authorizing the issuance of such Certificates.

“PECO Funds” means moneys received by the Board from the Public Education Capital Outlay and Debt Service Trust Fund which are permitted by the Act to be used for payment of the capital portion of Lease Payments.

“Permitted Encumbrances” means, in regard to a Project:

(1) the Lease Agreement and any liens and encumbrances created or permitted thereby;

(2) the Assignment Agreement and any liens and encumbrances created or permitted thereby;

(3) the Trust Agreement and liens and encumbrances created or permitted thereby;

(4) any Ground Lease and Assignment of Ground Lease applicable thereto and any liens and encumbrances created or permitted thereby;

(5) subject to the provisions of Section 5.01(1) of the Lease Agreement, any mechanic’s, laborer’s, materialman’s, supplier’s or vendor’s lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;

(6) (a) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provisions of law; (b) any liens for taxes, assessments, levies, fees, water and sewer rents or charges and other government and similar charges, which are not due and payable or which are not delinquent or the amount or validity of which are being contested in good faith and execution thereon is stayed; (c) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances and irregularities in the title to any property which do not materially and adversely impair the use of such property for its intended purposes or materially and adversely affect the value thereof; and (d) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner;

(7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement;

(8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project; and

(9) any sublease or other lien or encumbrance approved in writing by the Credit Enhancers.

“Permitted Investments” shall have the meaning assigned thereto in the applicable Supplemental Trust Agreement.

“Person” means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or political subdivision.

“Plans and Specifications” means, in regard to a Project, the Board’s plans and specifications for such Project, on file or to be on file with the Board, as the same may be amended from time to time in accordance with the Lease Agreement.

“Pledged Accounts” means, in regard to each Series of Certificates, the separate account, if any, established in the Prepayment Fund, and separate subaccounts, if any, established in the Project Account, Costs of Issuance Account, Capitalized Interest Account, the Reserve Account, the Principal Account and the Interest Account at the time such Series shall be issued.

“Premises” means, in regard to a Project, the parcels of real property and existing improvements thereon leased by the Board to the Corporation pursuant to a Ground Lease, which real property and existing improvements thereon shall be described in an exhibit to the Ground Lease.

“Prepayment Amount” means, in regard to a Project, the amount set forth in the Lease Schedule relating thereto.

“Prepayment Fund” means the fund by that name established under Section 6.02 of the Trust Agreement.

“Prepayment Premium” means the amount of prepayment premium, if any, due on any Optional Prepayment Date. The amount of such prepayment premium shall be calculated in accordance with the Trust Agreement.

“Prepayment Price” means, with respect to any Certificate or portion thereof, the principal amount or portion thereof, plus the applicable Prepayment Premium, if any, payable upon prepayment thereof pursuant to such Certificate or the Trust Agreement.

“Prerefunded Obligations” means pre-refunded municipal obligations rated “AAA” by Standard & Poor’s Corporation and “Aaa” by Moody’s Investors Service meeting the following requirements:

- (1) the municipal obligations are (1) not subject to redemption prior to maturity or
- (2) the Trustee has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;



(2) the municipal obligations are secured by cash or United States Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(3) the principal of and interest on the United States Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(4) the cash or United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(5) no substitution of a United States Obligations shall be permitted except with another United States Obligation and upon delivery of a new Verification; and

(6) the cash or United States Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

"Principal Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Principal Component" means the portion of each Basic Rent Payment constituting principal as set forth in the Lease Schedules.

"Principal and Interest Requirements" means the respective amounts which are required in each Fiscal Year to provide for:

(1) the interest payable on all Certificates then Outstanding, which is payable on each Interest Payment Date in such Fiscal Year,

(2) the principal on all Serial Certificates then Outstanding which is payable upon the maturity of the Serial Certificates in such Fiscal Year, and

(3) the Amortization Installment for all Term Certificates then Outstanding, which is payable for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, if interest on the Certificates is payable from the proceeds of such Certificates or from other amounts set aside irrevocably for such purpose at the time such Certificates are issued, Interest on such Certificates shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from the amounts

other than amounts so funded to pay such interest. For purposes of this definition, all amounts payable on a Capital Appreciation Certificate shall be considered a principal payment due in the year of its maturity or earlier mandatory prepayment.

“Project” shall mean any Land, Buildings, and/or Equipment financed with any series of Certificates, as described in Lease Schedules relating thereto, as the same may be amended or modified from time to time in accordance with the terms of the Lease Agreement.

“Project Account” means the account by that name established under Section 6.02 of the Trust Agreement.

“Projected Budget” means, in regard to a Project, the budget for expenditure of moneys in the subaccount in the Project Account established for such Project as set forth in the Lease Schedule relating thereto.

“Project Costs” or “Costs of the Project” means, in regard to a Project, all costs of payment of, or reimbursement for, acquisition, construction, installation and completion of such Project, including but not limited to, architectural and engineering costs and costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs and sales and use taxes, and in addition, Costs of Issuance to the extent that the amounts on deposit in the Costs of Issuance Account are insufficient to pay all Costs of Issuance in full. Project Costs shall specifically include any portion of the total costs of such Project or any portion thereof described in the Board’s tax certification at the time of issuance of the applicable Series of Certificates or in an opinion of Special Counsel to the effect that such reimbursement will not adversely affect the tax exempt status of interest on the Certificates, which has been paid by the Board from funds other than proceeds of the Certificates prior to the Closing Date and for which the Board seeks reimbursement by filing a Requisition with the Trustee in the manner required by Section 6.03 of the Trust Agreement.

“Project Description” means, in regard to a Project, the description of such Project as set forth in the Lease Schedule relating thereto.

“Project Fund” means the fund by that name established under Section 6.02 of the Trust Agreement.

“Project Schedule” means, in regard to a Project, the timetable for disbursements from the subaccount of the Project Account established therefor for acquisition, construction, delivery and installation of the components of such Project as set forth in the Lease Schedule relating thereto.

“Purchasers” means the original purchasers of a Series of Certificates.

“Qualified Financial Institution” means (1) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; or (2) the Government National Mortgage Association or any successor thereto or the Federal National Mortgage Association or any successor thereto; provided that, for each such entity delineated in clauses (1) and (2), its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, have been assigned a credit rating by Moody’s of “Aa” or better by S&P of “AA” or better.

“Real Estate Taxes” shall mean all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, or assessments against any of the personal property included in the Projects, all costs, expenses and attorney’s fees incurred by the Corporation in contesting or negotiating with public authorities as to any of same and all sewer and other similar taxes and charges.

“Rebate Fund” means the fund by that name established under Section 6.02 of the Trust Agreement.

“Record Date” means the 15th day of the month preceding any Payment Date (whether or not a Business Day).

“Refunding Certificates” means Certificates issued for purposes of refunding Outstanding Certificates pursuant to Section 4.13 of the Trust Agreement.

“Refunding Securities”, except as otherwise provided by Supplemental Trust Agreement, means the United States Obligations and the Prerefunded Obligations.

“Renewal Lease Term” means, in regard to a Project, the period commencing on the day after the last day of the Initial Lease Term and ending on the following June 30. Thereafter, “Renewal Lease Term” shall refer to each succeeding one (1) year term commencing on the day after the last day of the previous Renewal Lease Term and ending on the following June 30.

“Renewal Term Termination Date” means, in regard to a Project the termination date for the then current Renewal Lease Term which shall be the last day of such Renewal Lease Term.

“Replacement Amount” means, in regard to a Project, the Replacement Amount described in the Lease Schedule relating to such Project.

“Request and Authorization” means a request and authorization from the Corporation and the Board to the Trustee to authenticate and deliver Certificates in accordance with the terms thereof and of the related Supplemental Trust Agreement.

“Requisition” means a requisition of the Board to receive amounts from the Project Fund to pay Project Costs or Costs of Issuance in the form attached to the Lease Agreement as Exhibit B.

“Reserve Account” means the account by that name established under Section 6.02 of the Trust Agreement.

“Reserve Account Letter of Credit/Insurance Policy” means the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a subaccount of the Reserve Account in order to fulfil the requirement relating thereto.

“Reserve Requirement” means, in regard to a subaccount established in the Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Lease Schedule relating thereto, provided such Requirement does not exceed the lesser of (1) the maximum Principal and Interest Requirement on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Year (2) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Years, and (3) ten percent (10%) of the proceeds of such Series of Certificates.

“Retained Rights” shall have the meaning set forth in the preamble to the Trust Agreement.

“S&P” or “Standard & Poor’s” means Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, or any successor thereto.

“Serial Certificates” means the Certificates designated as Serial Certificates pursuant to the Trust Agreement.

“Series” means all the Certificates delivered on original issuance in a simultaneous transaction and identified pursuant to Section 4.01 of the Trust Agreement and the Supplemental Trust Agreement authorizing the issuance of such Certificates as a separate Series, regardless of variations in maturity, interest rate and other terms.

“Special Counsel” shall mean Bryant Miller Olive P.A., Tallahassee, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exemption of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“State” means the State of Florida.

“Stipulated Loss Value” means an amount calculated in accordance with Section 5.08 of the Lease Agreement.

“Superintendent” means the Superintendent of the District, or such Person as shall be authorized to act on his or her behalf.

“Supplemental Rent” shall have the meaning set forth in Section 4.03(e) of the Lease Agreement.

“Supplemental Trust Agreement” means any supplement to or amendment to the Trust Agreement entered into in accordance with Article XI of the Trust Agreement.

“Taxable Certificates” means Certificates for which the Interest Component for the Basic Rent Payments relating thereto shall be includible in gross income for purposes of federal income taxation.

“Term Certificates” means those Certificates designated as Term Certificates pursuant to the Supplemental Trust Agreement authorizing the issuance thereof which are subject to mandatory prepayment by Amortization Installments.

“Termination Date” means the date on which the Lease Agreement terminates pursuant to the terms thereof, as set forth in the applicable Lease Schedule.

“Trust Agreement” means the Trust Agreement, dated as of June 1, 1999, between the Corporation and the Trustee, as now and hereafter amended, modified or supplemented by Supplemental Trust Agreements.

“Trust Estate” means all right, title and interest of the Trustee in and to the property and interest therein described in Section 3.03 of the Trust Agreement.

“Trustee” means U.S. Bank National Association or its successor in interest as the Trustee under the Trust Agreement.

“United States Obligations” means the obligations and securities described in paragraph (1) of the definition of “Permitted Investments”.

“Variable Rate Certificates” means Certificates issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereto at the date of issue.

“Vendor” means, with respect to a Project, the Person or Persons appointed by the Board to sell Equipment relating to such Project.

**APPENDIX D**

**MASTER TRUST AGREEMENT AND  
FORM OF SERIES 2017 SUPPLEMENTAL TRUST AGREEMENT**

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## **TRUST AGREEMENT**

is made and entered into as of June 1, 1999

by and among

**FIRST UNION NATIONAL BANK**  
(the "Trustee")

and

**WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.,**  
(the "Corporation")

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## TRUST AGREEMENT

**THIS TRUST AGREEMENT**, is made and entered into as of June 1, 1999, by and among **FIRST UNION NATIONAL BANK**, a national banking association with corporate trust powers qualified to accept trusts of the type herein set forth (the "Trustee"), **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a not-for-profit corporation duly organized and existing under Chapter 617, Florida Statutes (the "Corporation"), and the **SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), acting as the governing body of the Walton County School District (the "District").

## WITNESSETH

**WHEREAS**, the Board deems it in the best interest of the District to lease-purchase certain real and/or personal property from time to time by entering into a Master Lease-Purchase Agreement, dated as of June 1, 1999 (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

**WHEREAS**, pursuant to a Resolution duly adopted by the Board on May 25, 1999, as amended and supplemented and pursuant to Sections 230.23 and 235.056, Florida Statutes, and the laws and Constitution of the State of Florida, the Board is authorized to enter into leases and lease purchase agreements relating to educational facilities;

**WHEREAS**, pursuant to the Lease Agreement, the Board by execution of a lease schedule to the Lease Agreement (the "Lease Schedule"), has provided for the lease-purchase of the 1999 Project; and

**WHEREAS**, pursuant to the Lease Agreement, the Board may from time to time, direct the Corporation to acquire and lease-purchase to the Board the items of property described in such Lease Schedule (the "Projects"); and

**WHEREAS**, the relationship between the Corporation and the Board under the Lease Agreement is to be a continuing one and Projects may be added to the Lease Agreement from time to time in accordance with the terms thereof and the Lease Schedules describing such Projects; and

**WHEREAS**, provision for payment of the cost of acquiring, constructing and installing each Project will be made by the issuance and sale from time to time of Certificates of Participation issued hereunder and under the Supplemental Trust Agreement related to each Series of Certificates of Participation (the "Certificates"), which shall be secured by and payable from the right of the Corporation to receive Basic Rent Payments (as defined herein); and be made by the Board pursuant to the Lease Agreement and related Lease Schedule; and

**WHEREAS**, the Trustee has agreed to issue a Series of Certificates pursuant to and upon receipt of a Request and Authorization from the Corporation and the Board; and

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**ARTICLE I  
DEFINITIONS AND RULES OF CONSTRUCTION**

**SECTION 1.01. DEFINITIONS.**

The capitalized terms used herein shall have the meanings, for the purpose of this Trust Agreement, ascribed to them in Exhibit "A" attached hereto unless the context clearly requires some other meaning. The terms "Agreement" or "Trust Agreement" as used herein shall mean this Trust Agreement unless the context clearly requires some other meaning.

**SECTION 1.02. RULES OF CONSTRUCTION.**

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and the words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "hereunder," and any similar terms, used in this Trust Agreement, refer to this Trust Agreement.

**WHEREAS**, as of the date hereof, the Corporation will assign to the Trustee by outright assignment all of its right, title and interest in and to the Lease Agreement and the Lease Payments (as defined herein), other than its rights of indemnification, its right to enter into Lease Schedules (as defined herein) from time to time, its right to receive notices and grant consents or approvals hereunder, its right to receive the Servicing Fee set forth in a Lease Schedule, and its obligations provided in Section 6.03 of the Lease Agreement (collectively, the "Retained Rights"), and its rights under the related Ground Lease pursuant to an Assignment Agreement, dated as of June 1, 1999, among the Corporation, the Trustee and others; and

**WHEREAS**, the Board and the Corporation will enter into a Ground Lease Agreement, dated as of June 1, 1999 and will enter into Ground Lease Agreements (collectively, the "Ground Lease") with respect to each Lease Schedule, whereby the Board has or will demise a Leasehold Estate in the Premises to the Corporation; and

**WHEREAS**, on the date of issuance of each subsequent Series of Certificates, the Corporation will assign to the Trustee all of its right, title and interest in and to any Leasehold Estate created and granted under the related Ground Leases pursuant to an Assignment Agreement between the Corporation and the Trustee and consented to by the Board; and

**WHEREAS**, the proceeds of the sale of each Series of Certificates will be deposited with the Trustee and such funds shall be held and disbursed pursuant to the terms of this Trust Agreement in order to, among other things, fund the acquisition, construction and installation of a Project; and

**WHEREAS**, the Board may provide that a Credit Enhancer (as defined herein) may issue a letter of credit, insurance policy, guarantee or other instrument to secure the payment of the principal of and interest on a Series of Certificates; and

**WHEREAS**, each Series of Certificates shall be secured independently from each other Series of Certificates in accordance with the provision hereof;

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

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**ARTICLE II  
RECITALS AND REPRESENTATIONS**

**SECTION 2.01. LEASE AGREEMENT.**

The Corporation and the Board have entered into the Lease Agreement, and intend to enter into Lease Schedules from time to time, whereby the Corporation has agreed to lease the Projects from time to time to the Board and the Board has agreed to lease the Projects from time to time from the Corporation and to make Lease Payments therefor in accordance with the terms thereof.

**SECTION 2.02. ASSIGNMENT AGREEMENT.**

The Corporation has assigned and transferred to the Trustee all its rights, title and interest under (A) the Lease Agreement, other than its Retained Rights and (B) the Ground Leases and in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed herein to authenticate and deliver one or more Series of Certificates from time to time, each evidencing an interest in the Basic Rent Payments, as set forth in such Certificates.

**SECTION 2.03. REPRESENTATION.**

In the Lease Agreement, the Corporation has agreed to cause the acquisition, construction and installation of each subsequent Project pursuant to the Plans and Specifications relating thereto as provided in the corresponding Lease Schedule, and the Board, as the agent of the Corporation, will be responsible for the letting of contracts and agreements for the acquisition, construction, and installation of each such Project and for supervising the acquisition, construction and installation of each such Project.

**SECTION 2.04. DESCRIPTION AND ESTIMATED COST OF THE PROJECT.**

The description of the Project to be acquired, constructed and leased by the Board from the Corporation pursuant to the terms and provisions of the Lease Agreement and the estimated Cost of such Project shall be as set forth in the Lease Schedule relating thereto.

**SECTION 2.05. CONDITIONS PRECEDENT SATISFIED.**

Each party hereto represents with respect to itself that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and delivery of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto each represents as to itself that it is now duly empowered to execute and deliver this Trust Agreement.

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**ARTICLE III  
APPOINTMENT OF TRUSTEE; DECLARATION OF TRUST**

**SECTION 3.01. APPOINTMENT OF TRUSTEE.**

In consideration of the recitals hereinabove set forth and for other valuable consideration, the Corporation and the Board hereby appoint the Trustee to receive, hold, invest and disburse the Trust Estate and to perform certain other functions, all as hereinafter provided and subject to the terms and conditions of this Trust Agreement.

**SECTION 3.02. DECLARATION OF TRUST.**

(a) The Trustee hereby creates this trust for the purpose of facilitating the lease-purchase financing of the Project, and the Trustee agrees to (i) accept the assignment and transfer of the rights of the Corporation in and to the Lease Agreement and the Ground Lease (other than the Retained Rights) pursuant to the terms and provisions of the Assignment Agreement, (ii) accept the assignment and transfer of the rights of the Corporation pursuant to the terms and provisions of the Assignment Agreement, (iii) execute, authenticate and deliver the Certificates from time to time against receipt of the proceeds from the sale thereof, deposit such proceeds hereunder and disburse same, together with earnings thereon, in accordance with the terms and provisions hereof and of the Supplemental Trust Agreement related hereto, and (iv) do all other things necessary or incidental to the purposes hereof.

(b) The Trustee hereby declares that it holds and will hold the Trust Estate upon the trusts and apply the moneys held hereunder as hereinafter set forth for the use and benefit of the Owners of the Certificates as set forth herein. Each Credit Enhancer shall be deemed to be a third-party beneficiary of this Trust Agreement.

**SECTION 3.03. TRUST ESTATE.**

The Trust Estate, which shall be held for the benefit of the Owners of the Certificates from time to time Outstanding hereunder, consists of the following:

(a) All right, title and interest in the funds, accounts and subaccounts established under this Trust Agreement and the cash, securities and investments of which they are comprised (other than the Rebate Fund);

(b) All right, title and interest of the Corporation in, to and under the Lease Documents, pending termination thereof, and in any Project site, including the Corporation's fee simple title, if any, therein or any Ground Lease and the Lease Agreement and the right to receive the Lease Payments under the Lease Agreement but excluding the Retained Rights;

(c) All right, title and interest of the Trustee under the Assignment Agreement and under any Assignment of Ground Lease;

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(d) Any moneys received by the Trustee which are derived from the exercise by the Trustee, as assignee of the Corporation, of any of the remedies under this Trust Agreement, or the Lease Agreement or any Ground Leases or any mortgage agreement entered into pursuant to the terms hereof; and

(e) All property which by the express provisions of this Trust Agreement or the Lease Agreement or any Ground Lease is required to be subject to the lien hereof, and any additional property that may from time to time hereafter expressly be made subject to the lien hereof by the Trustee, the Corporation or the Board or anyone authorized to act on their behalf;

**PROVIDED, HOWEVER,** that in each case any portion of the Trust Estate which is derived from the sale, re-letting or other disposition of a Project, moneys and damages received in relation to such Project and any cash, securities and investments in any Pledged Accounts relating to such Project shall be utilized solely for the benefit of the Certificates which financed or refinanced such Project and for whose benefit such Pledged Accounts were established.

#### SECTION 3.04. TRUST ESTATE FOR BENEFIT OF CERTIFICATE OWNERS.

(a) Subject only to the provisions of this Trust Agreement permitting the application thereof for the purpose and on the terms and conditions set forth herein, the Corporation and the Board hereby declare, and the Trustee acknowledges, that the Trust Estate shall secure the payment of the principal of, Prepayment Premium, if any, and interest on the Outstanding Certificates, which represent, among other things, an undivided proportionate interest in the Basic Rent Payments under the Lease Agreement.

(b) The Trustee shall be entitled to and shall, subject to the provisions of Article IX hereof and after being provided with indemnity acceptable to it, take all steps, actions and proceedings reasonably necessary, in its judgement, to enforce all of the rights of the Corporation in and under the Lease Agreement and the Ground Leases for the benefit of the Owners of the Certificates.

(c) If the Certificates shall be paid, or provision for payment shall be made, and all other payments due hereunder shall be made as provided in Article XII hereunder, the Trust Estate shall terminate and the Owners of the Certificates shall have no right thereto, except as otherwise provided herein.

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(f) Each Series of Certificates shall be issued in such denominations; shall be dated such date; shall bear such numbers; shall be payable at such place or places and at such time or times; shall contain such prepayment provisions; shall consist of such amounts of Term Certificates, Serial Certificates, Capital Appreciation Certificates and Variable Rate Certificates; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof. Each Series of Certificates may be secured by a Credit Facility or municipal bond insurance policy, all as shall be determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

(g) The principal of the Certificates shall be payable from the Principal Component of the Basic Rent Payments on the first day of the month as provided by the Supplemental Trust Agreement. The interest on the Certificates shall be payable semiannually from the Interest Component of Basic Rent Payments on the Payment Dates, except as otherwise provided by the Supplemental Trust Agreement. Interest on the Certificates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months, except as otherwise provided by the Supplemental Trust Agreement. The Certificates shall be numbered in such manner as the Trustee deems appropriate.

(h) The principal of all Certificates shall be payable at the Designated Office of the Trustee. Payment of the principal of all Certificates shall be made upon the presentation and surrender of such Certificates as the same shall become due and payable. Payment of interest on the Certificates shall be by check or draft mailed on the applicable Payment Date to the Owner as of the close of business on the Record Date at his address as it appears on the Certificate Register maintained by the Trustee; except that, if and to the extent that there shall be a default in payment of interest due on such Payment Date, such defaulted interest payment shall be paid to the Owners in whose name any such Certificates are registered at the close of business on the fifteenth day preceding the date of payment of such defaulted interest payment; provided, however, that at the request and expense of the Owner of \$1,000,000 or more in aggregate principal amount of Outstanding Certificates, interest shall be paid by wire transfer on the interest Payment Date so requested to a bank account located in the continental United States and designated in writing to the Trustee by said Owner at least five days prior to such Interest Payment Date.

(i) Subject to the foregoing provisions of this Section, each Certificate delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Certificate of the same Series shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Certificate and each such Certificate shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(j) Variable Rate Certificates must have a Maximum Interest Rate relating thereto which shall be established at the time of issuance of such Certificates. Prior to the termination of the Lease Agreement, any accelerated principal payments due to a Credit Bank in regard to Variable Rate Certificates or any interest due on such Variable Rate Certificates in excess of the interest on such Certificates to said Credit Bank shall be subordinate to the payment of Basic Rent Payments represented by the

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## ARTICLE IV ISSUANCE OF CERTIFICATES

### SECTION 4.01. AUTHORIZATION OF CERTIFICATES.

(a) The number of Series of Certificates which may be created under this Trust Agreement is not limited. The aggregate principal amount of Certificates of each Series which may be issued, authenticated and delivered under this Trust Agreement is not limited except as set forth in the related Request and Authorization and Supplemental Trust Agreement and as restricted by the provisions of this Trust Agreement.

(b) The Certificates issuable under this Trust Agreement shall be issued in such Series as may from time to time be created in connection with a Lease Schedule. Each Series of Certificates shall be designated "Certificates of Participation, Series \_\_\_\_\_ Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by the School Board of Walton County, Florida, as Lessee pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor." The Certificates may, if and when authorized by this Trust Agreement, be designated with such further appropriate particular designations added to or incorporated in such title for the Certificates of any particular Series as the Board may determine and as may be necessary to distinguish such Certificates from the Certificates of any other Series.

(c) Each Series of Certificates shall be issued for the purposes of (a) funding the Costs of a Project, completing a Project as provided in Section 4.12 hereof; (b) funding a subaccount established in the Reserve Account in an amount equal to the Reserve Requirement, if any, applicable thereto; (c) capitalizing interest on such Series of Certificates; and/or (d) paying the Costs of Issuance applicable thereto.

(d) Each Series of Certificates, other than Variable Rate Certificates and Capital Appreciation Certificates, shall be substantially in the form set forth in Exhibit "B" hereto, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Trust Agreement, including any use of a book-entry only system as described in Section 4.11 hereof. The form of Variable Rate Certificates and Capital Appreciation Certificates shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Certificates. All Certificates may have endorsed thereon such legends or text as designated by the Board or as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Certificates may be listed or any usage or requirement of law with respect thereto.

(e) Each Series of Certificates shall be issued for such authorized purpose; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates, all as determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

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Certificates. Except to the extent expressly permitted in a Supplemental Trust Agreement, no Variable Rate Certificates may be issued hereunder without the consent of the Certificate Insurers of all Outstanding Certificates.

### SECTION 4.02. DELIVERY OF CERTIFICATES.

(a) Each Series of Certificates, other than Completion Certificates and Refunding Certificates, shall be executed substantially in the form and in the manner set forth herein, but before such Series of Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, the Assignment Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(iii) An executed copy of the Request and Authorization relating to such Series of Certificates;

(iv) A fully executed counterpart of this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(v) A fully executed counterpart of the Lease Agreement and the Lease Schedule relating to the Project to be financed from such Series of Certificates;

(vi) A fully executed counterpart of the Assignment Agreement;

(vii) A fully executed counterpart of each Ground Lease, if any, relating to the Project to be financed or refinanced from such Series of Certificates;

(viii) An opinion of counsel for the Corporation (which may also be counsel to the Board) to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State of Florida, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Series of Certificates, the Lease Agreement, any applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates and the Assignment Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Series of Certificates, the Lease Agreement, any

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applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates and the Assignment Agreement have each been duly authorized, executed and delivered by the Corporation and assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by usual equity principles;

(ix) An opinion of counsel to the Board (which may also be counsel to the Corporation) to the effect that (A) the Board is the duly organized and validly existing governing body of the School District of Walton County, Florida, and has all powers and authority to execute and deliver the Lease Agreement, any applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and the usual equitable principles;

(x) Other than for the first Series of Certificates issued hereunder, a certificate of the Superintendent: (A) stating that the books and records of the Board relating to the Capital Funds have been examined by him; (B) setting forth the amount of Capital Funds which has been received by the Board during the Fiscal Year most recently ended prior to the date of delivery of such Certificates with respect to which such statement is made, and (C) stating that the amount of Capital Funds received during the aforementioned Fiscal Year equals at least 1.00 times the maximum Principal and Interest Requirements in the current and any future Fiscal Years on all Certificates then Outstanding and such Certificates with respect to which the statement is made. In the event the Capital Outlay Millage is increased or the Credit Enhancers have agreed to include new revenue sources as part of the Capital Funds, and such increase or additional revenues were not part of the Capital Funds during all or a portion of the Fiscal Year described above, then for purposes of determining whether there are sufficient Capital Funds to meet the coverage test provided in this paragraph, the Superintendent shall adjust the amount of Capital Funds which were received during the aforementioned Fiscal Year to take into account the additional amounts of Capital Funds such increase or additional revenues would have generated if they had been considered Capital Funds for the entire Fiscal Year;

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valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Certificates may bear the facsimile signature of, or may be signed by, such officer as at the actual time of the execution of such Certificates shall be the proper officer to sign such Certificates although at the dated date of such Certificates such officer may not have been such officer.

#### SECTION 4.04. AUTHENTICATION OF CERTIFICATES.

Only such Certificates as shall have been endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit 'B' hereto, manually executed by the Trustee, shall be entitled to any benefit or security under this Trust Agreement. No Certificate shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Certificate shall have been manually executed by the Trustee, and such Certificate of the Trustee upon any such Certificate shall be conclusive evidence that such Certificate has been duly authenticated and delivered under this Trust Agreement. The Trustee's certificate of authentication on any Certificate shall be deemed to have been duly executed if manually signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Certificates that may be issued hereunder at any one time.

#### SECTION 4.05. EXCHANGE OF CERTIFICATES.

Certificates, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Certificates of the same maturity and Series, of any denomination or denominations authorized by this Trust Agreement, bearing interest at the same rate, and in the same form as the Certificates surrendered for exchange.

#### SECTION 4.06. NEGOTIABILITY, REGISTRATION AND TRANSFER OF CERTIFICATES.

(a) The Trustee shall keep or cause to be kept a Certificate Register, which shall at all time be open to inspection by the Board, the Corporation and the Owners of Certificates; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Certificate Register, of Certificates as provided herein.

(b) The transfer of any Certificate may be registered only upon the Certificate Register upon surrender thereof to the Trustee together with an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer the Trustee shall authenticate and deliver in exchange for such Certificate a new registered Certificate or Certificates, registered in the name of the transferee, of any denomination or denominations authorized by this Trust Agreement in the aggregate principal amount equal to the principal amount of such Certificate surrendered or exchanged, of the same maturity and Series and bearing interest at the same rate.

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(xi) An opinion of Special Counsel in customary form to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement, and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable against the Board, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles and (C) except for Taxable Certificates, the Interest Component of such Series of Certificates is excluded from the gross income of the Owners thereof for purposes of Federal income taxation.

(xii) Either (A) written approval by the Department of the Project, or (B) an opinion of counsel to the Board, to the effect that approval of the Department is not required by law.

(b) When the documents described in paragraphs (i) to (xii), inclusive, of Section 4.02(a) hereof shall have been filed with the Trustee and when the Certificates shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Certificates at one time to, or upon the order of, the purchasers of such Series, but only upon payment to the Trustee of the purchase price of such Certificates and the accrued interest thereon. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.02(a) hereof as to all matters stated therein.

(c) After the initial Series of Certificates shall have been issued hereunder, no further Series of Certificates shall thereafter be issued for any purpose including, without limitation, for purposes of project completion or refunding unless (i) no Event of Non-Appropriation shall have occurred and be continuing and (ii) immediately following the issuance of such Series of Certificates, the Board shall not be in default in performing any of the covenants and obligations assumed hereunder. (iii) all payments herein required to have been made into the accounts and funds, as provided hereunder, shall have been made to the full extent required, and (iv) no Event of Default or Event of Non-Appropriation (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) shall have occurred and be continuing.

#### SECTION 4.03. EXECUTION OF CERTIFICATES.

The Certificates shall be executed with the manual or facsimile signature of an authorized officer of the Trustee. In case any officer whose signature or a facsimile of whose signature shall appear on any Certificates shall cease to be such officer before the delivery of such Certificates, such signature or such facsimile shall nevertheless be

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(c) In all cases in which Certificates shall be exchanged or the transfer of Certificates shall be registered hereunder, the Trustee shall authenticate and deliver at the earliest practicable time Certificates in accordance with the provisions of this Trust Agreement. All Certificates surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Trustee. Upon the cancellation of any Certificates by the Trustee, the Trustee shall execute a certificate of cancellation in duplicate by the signature of one of its Authorized Officers describing the Certificates so cancelled, and executed cancellation certificates shall be filed with the Board and the Corporation and the other executed cancellation certificate shall be retained by the Trustee. No service charge shall be made for any registration, transfer, or exchange of Certificates; however, the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates as a condition precedent to such registration, transfer or exchange. The Trustee shall not be required to transfer or exchange Certificates (i) during a period beginning at the opening of business fifteen (15) days before the day of the mailing notice of prepayment of Certificates and ending at the close of business on the day of such mailing, (ii) so selected for prepayment in whole or in part, or (iii) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest and ending on such interest Payment Date.

#### SECTION 4.07. OWNERSHIP OF CERTIFICATES.

The Trustee shall deem and treat the Person in whose name any Outstanding Certificate shall be registered upon the Certificate Register as the absolute Owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest payments with respect to such Certificate and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and neither the Corporation, the Board nor the Trustee shall be affected by any notice to the contrary.

#### SECTION 4.08. MUTILATED, DESTROYED, STOLEN OR LOST CERTIFICATES.

(a) In case any Certificate secured hereby shall become mutilated or be destroyed, stolen or lost, the Trustee shall cause to be executed, and shall authenticate and deliver, a new Certificate of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Certificate or in lieu of and in substitution for such Certificate destroyed, stolen or lost, and the Owner shall pay the reasonable expenses and charges of the Trustee in connection therewith and, in case of a Certificate stolen, destroyed or lost, the Owner shall file with the Trustee evidence satisfactory to it that such Certificate was stolen, destroyed or lost, and of his ownership thereof, and as a condition precedent to delivery of such new Certificate the Trustee may require indemnity satisfactory to it, and shall require any indemnity required by the applicable Certificate Insurer.

(b) Every Certificate issued pursuant to the provisions of this Section in exchange or substitution for any Certificate which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation pursuant to the terms

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hereof, whether or not the destroyed, lost or stolen Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Certificates duly issued under this Trust Agreement. All Certificates shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instrument or other securities without their surrender.

#### SECTION 4.09. TEMPORARY CERTIFICATES.

(a) Until definitive Certificates are ready for delivery, there may be executed, and upon request of the Board, the Trustee shall authenticate and deliver, in lieu of definitive Certificates and subject to the same limitations and conditions, typewritten, printed, engraved or lithographed temporary Certificates, in the form of fully registered Certificates in denominations of \$5,000 or any whole multiple thereof, substantially of the tenor of the Certificates set forth in this Trust Agreement and with such appropriate omissions, insertions and variations as may be required.

(b) If temporary Certificates shall be issued, the Trustee, upon preparation of the definitive Certificates and presentation to it at its designated office of any temporary Certificate, shall cancel the same and authenticate and deliver to the Owner, without charge to such Owner, a definitive Certificate or Certificates of an equal aggregate principal amount, of the same maturity and Scries and bearing interest at the same rate as the temporary Certificate surrendered. Until so exchanged, the temporary Certificates shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Certificates to be issued and authenticated hereunder.

#### SECTION 4.10. EVIDENCE OF SIGNATURES OF CERTIFICATE OWNERS AND OWNERSHIP OF CERTIFICATES.

(a) Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Certificate Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(i) The fact and date of the execution by any Certificate Owner or his attorney or agent of any such instrument and any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgements of deeds to be recorded in such jurisdictions that the Persons signing such instrument acknowledged before

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to replace DTC, the Trustee shall authenticate and deliver replacement Certificates in the form of fully registered Certificates to each Beneficial Owner. The cost of printing such replacement Certificates shall be paid by the Board.

The Corporation, the Board and the Trustee shall not have any responsibility or obligations to any DTC Participant or any beneficial owner with respect to: (i) the Certificates; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any beneficial owner in respect of the principal amount, redemption price of and interest on the Certificates; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any beneficial owner that is required or permitted under the terms of this Trust Agreement to be given to beneficial owners; (v) the selection of beneficial owners to receive payments in the event of any partial redemption of the Certificates; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

In the event that a book-entry system of evidence and transfer of ownership of the Certificates is discontinued pursuant to the provisions of this Section, the Certificates shall be delivered solely as fully registered Certificates without coupons in the Authorized Denominations, shall be lettered R and numbered, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions hereof.

So long as a book-entry system of evidence of transfer of ownership of all the Certificates is maintained in accordance herewith, the provisions of this Trust Agreement relating to the delivery of physical Certificate certificates shall be deemed inapplicable or be otherwise so construed as to give full effect to such book-entry system. The provisions of the letter of representations shall supersede this Trust Agreement in the event of a conflict.

#### SECTION 4.12. COMPLETION CERTIFICATES.

(a) Completion Certificates may be issued to provide necessary funds to complete payment of the Costs of a Project previously financed hereunder or to finance additional property which shall be added to a Project or which shall be substituted for a portion of a Project. Except for the purposes of Section 6.03 hereof, such Completion Certificates, for purposes of this Trust Agreement and the Lease Agreement and any Ground Lease, shall constitute a part of the same Series of Certificates as the Certificates issued to pay the original Costs of the Project. Such Completion Certificates shall be executed substantially in the form and in the manner set forth herein, but before such Completion Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment Agreement, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, the Assignment Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

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him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(ii) The fact of the ownership of Certificates by any Certificate Owner and the amount, the principal Payment Date and the numbers of such Certificates and the date of his ownership of the same shall be proved by the Certificate Register held by the Trustee pursuant to this Trust Agreement.

(b) Nothing contained in this Article IV shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Board or the Trustee in pursuance of such request or consent.

#### SECTION 4.11. DEPOSITORY TRUST COMPANY AND BOOK ENTRY OBLIGATIONS.

(A) The Trustee is hereby authorized if so requested by the Board to take such actions as may be necessary from time to time to qualify such Series for registration in the name of Cede & Co., as nominee for the Depository Trust Company. No such arrangement with the Depository Trust Company may adversely affect the interests of any of the Owners of the Certificates; provided, however, that the Trustee shall not be liable with respect to any such arrangement it may make pursuant to this Section. The Trustee is further authorized if so requested by the Board to take such actions as may be necessary to qualify a Series of Certificates as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry only obligations, provided the Board shall establish a system of registration therefor by the related Supplemental Trust Agreement. Any expenses incurred by the Trustee pursuant to this Section shall be paid by the Board.

(B) In the event a Series of Certificates is issued or held by means of a book-entry system administered by DTC, no physical distribution of Certificates will be made to the public (other than those Certificates, if any, not held under such book-entry system). References in this Section 4.11 to a Certificate or the Certificates shall be construed to mean the Certificate or the Certificates that are held under the book-entry system. In such event, one Certificate shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Certificates in Authorized Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

In the event that (i) DTC determines not to continue to act as securities depository for the Certificates or (ii) the Corporation or the Underwriter determines that the continuation of the book-entry system of evidence and transfer of ownership of the Certificates would adversely affect their interests or the interests of the Beneficial Owners of the Certificates, the Corporation shall, on its own initiative or at the request of the Underwriter, discontinue the book-entry system with DTC. If the Corporation or the Underwriter fails to identify another qualified securities depository

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(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

(iii) An executed copy of the Request and Authorization relating to such Completion Certificates;

(iv) A fully executed counterpart of the Supplemental Trust Agreement relating to such Completion Certificates;

(v) A fully executed counterpart of the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, and the change, if any, to such Project and the additional Basic Rent Payments that would have to be made thereunder;

(vi) A fully executed counterpart of the Assignment Agreement;

(vii) A fully executed counterpart of each Ground Lease and Assignment of Ground Lease, if any, relating to the original Project to be financed by the Completion Certificates;

(viii) An opinion of counsel for the Corporation (which may also be counsel to the Board) to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Completion Certificates, the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates and the Assignment Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Completion Certificates, the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates and the Assignment Agreement have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by usual equity principles;

(ix) An opinion of counsel to the Board (which may also be counsel to the Corporation) to the effect that (A) the Board is the duly organized and validly existing governing body of the School District of Walton County, Florida, and has all necessary power and authority to execute and deliver the Lease

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Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates, and (B) the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles;

(ix) The written consent to the issuance of the Completion Certificates by the Credit Enhancer, if any, of the Series of Certificates relating to the original Project, or if there shall not be a Credit Enhancer, written evidence that the rating, if any, from Moody's and/or S&P on such Series of Certificates shall not be downgraded at the time of issuance of the Completion Certificates;

(xi) An opinion of Special Counsel in customary form to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement, and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable against the Board, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles and (C) except for Taxable Certificates, the Interest Component of Basic Rent represented by such Series of Certificates is excluded from the gross income of the Owners thereof for purposes of federal income taxation and (D) the issuance of such Certificates will not, in and of itself, adversely affect the exclusion from gross income of the Interest Component of Basic Rent represented by all other Outstanding Certificates, to the extent then excluded; and

(xii) Either (A) written approval by the Department of the Project, or (B) an opinion of counsel to the Board, to the effect that approval of the Department is not required by law.

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(iii) An executed copy of the Request and Authorization relating to such Refunding Certificates;

(iv) A fully executed counterpart of the Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates;

(v) A fully executed counterpart of the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates;

(vi) A fully executed counterpart of the Assignment Agreement;

(vii) A fully executed counterpart of each Ground Lease and Assignment of Ground Lease, if any, relating to the Project or Projects which were financed by the Certificates to be refunded;

(viii) An opinion of counsel for the Corporation (which may also be counsel to the Board) to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver the Supplemental Trust Agreement relating to such Refunding Certificates, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates and the Assignment Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Refunding Certificates, the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates and the Assignment Agreement have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by the usual equity principles;

(ix) An opinion of counsel to the Board (which may also be counsel to the Corporation) to the effect that (A) the Board is validly existing as body corporate under the laws of Florida and the governing body of the School District of Walton County, Florida, and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates, (B) the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates have each been duly authorized, executed and delivered by the Board and, assuming due

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(b) When the documents described in paragraphs (i) to (xiii), inclusive, of Section 4.12(a) hereof shall have been filed with the Trustee and when the Completion Certificates shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Completion Certificates at one time to, or upon the order of, the Purchasers of such Completion Certificates, but only upon payment to the Trustee of the purchase price of the Completion Certificates and the accrued interest thereon. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.12(a) hereof as to all matters stated therein.

(c) The proceeds of the Completion Certificates may also be used to fund a Reserve Requirement, capitalize interest on such Completion Certificates and/or Costs of Issuance, and shall be deposited in the Pledged Accounts established for the Series of Certificates which financed the original Project in such manner and in such amounts as determined by the Supplemental Trust Agreement relating to authorization of such Completion Certificates. The Completion Certificates shall be secured on a parity with such Series of Certificates in accordance with the terms hereof.

#### SECTION 4.13. REFUNDING CERTIFICATES.

(a) Refunding Certificates may be issued under and secured by this Trust Agreement, subject to the conditions hereinafter provided in this Section, at any time or times, for the purposes of (i) providing funds for refunding part or all of the Certificates at or prior to their maturity or maturities, including the payment of any Prepayment Premium thereon and interest which will accrue on such Certificates to their date of payment, (ii) making a deposit, if necessary, to the subaccount of the Reserve Account which shall secure such Refunding Certificates, and (iii) paying the Costs of Issuance relating to said Refunding Certificates.

(b) Such Refunding Certificates shall be executed substantially in the form and manner set forth herein, but before the Refunding Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, the Assignment Agreement, and the Supplemental Trust Agreement relating to such Refunding Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease and Assignment of Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, and the Supplemental Trust Agreement relating to such Refunding Certificates;

authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles;

(x) A certificate, executed by an Authorized Officer of the Board, stating that: (A) the total of all Basic Rent Payments relating to the Refunding Certificates after completion of the refunding will not exceed the total of all Basic Rent Payments relating to the Certificates to be refinanced prior to the refunding; and (B) the Basic Rent Payments relating to the Refunding Certificates in each Fiscal Year after completion of the refunding do not exceed by more than ten per centum (10%) of the Basic Rent Payments relating to the Certificates to be refinanced in each Fiscal Year prior to such refunding; and

(xi) An opinion of Special Counsel in customary form to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates, (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded or amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable against the Board, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the usual equitable principles, (C) except in the case of Taxable Certificates, the Interest Component of Basic Rent represented by the Refunding Certificates is excluded from the gross income of the Owner thereof for purposes of federal income taxation and (D) in the case of an advance refunding, the refunded Certificates have been defeased in accordance with the terms hereof; and

(xii) A report of a certified public accountant or firm of certified public accountants verifying the mathematical accuracy of calculations supplied by the Board, or its designee, that the proceeds of such Refunding Certificates plus any other moneys available for such purpose, including investment earnings, shall be not less than an amount sufficient to pay the principal of and the Prepayment Premium, if any, on the Certificates to be refunded and the Interest Component of Basic Rent represented by the Certificates which will accrue thereon to the prepayment date or maturity dates applicable thereto.

(c) When the documents described in paragraphs (i) through (xii), inclusive, of Section 4.13(b) hereof shall have been filed with the Trustee and when the

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Refunding Certificates shall have been executed and authenticated, the Trustee shall deliver such Refunding Certificates to or upon the order of the Purchasers thereof, but only upon payment to the Trustee of the purchase price of such Refunding Certificates, plus accrued interest, if any.

(d) Other than for amounts required to pay Costs of Issuance or to make deposits to the Reserve Account, the proceeds of such Refunding Certificates and any other moneys received by the Trustee for such purpose, shall be held by the Trustee in a special fund appropriately designated, to be held in trust for the sole and exclusive purpose of paying the principal of, Prepayment Premium, if any, and interest on the Certificates to be refunded, all as provided in Section 12.01 hereof.

(e) The Trustee is hereby authorized, at the direction of the Board, to remove moneys from the appropriate subaccount or subaccounts of the Principal Account, the Interest Account and the Reserve Account pledged to the payment of the Certificates to be refunded and apply the same in the manner required by the Supplemental Trust Agreement authorizing the issuance of the Refunding Certificates.

(f) The Refunding Certificates shall be secured in the same manner and from the same Pledged Accounts as were the Certificates to be refunded in accordance with the terms hereof.

**SECTION 4.14. RESERVED.**

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prepayment, to the Owners of any Certificates to be prepaid. Such mailing shall not be a condition precedent to such prepayment, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the Certificates.

(c) In addition to the mailing of the notice described above, each notice of prepayment and payment of the Prepayment Price shall meet the following requirements; provided, however, that failure to provide such further notice of prepayment or failure to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for prepayment if notice thereof is given as prescribed in Sections 5.03(a) and 5.03(b) hereof:

Each further notice of prepayment shall be sent at least thirty (30) days before the prepayment date by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Certificates (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to two or more national information services which disseminate notices of prepayment or prepayment of obligations such as the Certificates.

(d) Any notice of prepayment (other than prepayment of Certificates that are subject to an advance or current refunding) may be given only if sufficient funds have been deposited with the Trustee to pay the applicable Prepayment Price of the Certificates to be prepaid.

**SECTION 5.04. EFFECT OF CALLING FOR PREPAYMENT.**

(a) On or before the date fixed for prepayment, funds or Refunding Securities or a combination thereof shall be deposited with the Trustee in an amount sufficient to pay the principal of and the Prepayment Premium, if any, and interest accruing thereon to the prepayment date of the Certificates called for prepayment.

(b) On the date fixed for prepayment, notice having been given in the manner and under the conditions hereinabove provided, the Certificates or portions thereof called for prepayment shall be due and payable at the Prepayment Price provided therefor, plus accrued interest to such date. If money or Refunding Securities, or a combination of both, sufficient without reinvestment to pay the Prepayment Price of the Certificates to be prepaid, plus accrued interest thereon to the date fixed for prepayment, are held by the Trustee in trust for the Owners of Certificates to be prepaid, interest on the Certificates called for prepayment shall cease to accrue as of the date fixed for prepayment; such Certificates shall cease to be entitled to any benefits or security under this Trust Agreement or to be deemed Outstanding, and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price thereof, plus accrued interest to the date fixed for prepayment from the moneys and/or Refunding Securities held therefor. Certificates and portions of Certificates for which irrevocable instructions to pay on one or more specified dates or to call for prepayment at the earliest prepayment date have been given to the Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Trust Agreement and shall

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**ARTICLE V  
PREPAYMENT**

**SECTION 5.01. PREPAYMENT.**

The terms of this Article V shall apply to prepayment of Certificates of a Series other than Capital Appreciation Certificates and Variable Rate Certificates. The terms and provisions relating to prepayment of Capital Appreciation Certificates and Variable Rate Certificates shall be provided by the Supplemental Trust Agreement relating to the issuance thereof.

**SECTION 5.02. SELECTION OF CERTIFICATES TO BE PREPAID.**

(a) When Certificates are prepaid by lot, selection of Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Certificate to be prepaid shall be in the denomination of \$5,000 or any whole multiple thereof, and that in selecting portions of Certificates for prepayment, the Trustee shall treat each such Certificate as representing that number of Certificates which is obtained by dividing the principal amount with respect to such Certificate by \$5,000.

(b) Upon any prepayment pursuant to this Article V, the Trustee shall provide the Board with, or cause to be provided, a revised schedule of Basic Rent Payments which schedule shall take into account such prepayment and shall be and become for all purposes part of the applicable Lease Schedule and the Lease Agreement.

**SECTION 5.03. PREPAYMENT NOTICE.**

(a) When prepayment is authorized or required pursuant to the provisions hereof and of any Supplemental Trust Agreement relating to such Certificates, the Trustee shall give to the applicable Credit Enhancer, if any, and Owners of Certificates to be prepaid notice, at the expense of the Board, of the prepayment of the Certificates. Such notice shall state: (i) the CUSIP numbers of all Certificates being prepaid, (ii) the original issue date of such Certificates, (iii) the maturity date, Series and rate of interest borne by each Certificate being prepaid, (iv) the prepayment date, (v) the Prepayment Price, (vi) the date on which such notice is mailed, (vii) if less than all Outstanding Certificates are to be prepaid, the certificate number (and, in the case of a partial prepayment of any Certificate, the principal amount) of each Certificate to be prepaid, (viii) that on such prepayment date there shall become due and payable upon each Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof in the case of Certificates to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such date interest thereon shall cease to accrue and be payable, and (ix) that the Certificates to be prepaid, whether as a whole or in part, are to be surrendered for payment of the Prepayment Price at the Designated Office of the Trustee at an address specified.

(b) Notice of such prepayment shall be given by mail, postage prepaid, not more than sixty (60) days or fewer than thirty (30) days prior to said date of

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cease to be entitled to the security of or any rights under this Trust Agreement, other than rights to receive payment of the Prepayment Price thereof and accrued interest thereon to the date fixed for prepayment, to be given notice of prepayment in the manner provided in Section 5.03 hereof, and, to the extent hereinafter provided, to receive Certificates for any unredeemed portions of Certificates in money or Refunding Securities, or combination of both, sufficient to pay the Prepayment Price of such Certificates or portions thereof, together with accrued interest thereon to the date upon which such Certificates are to be paid or prepaid, are held in separate accounts by the Trustee in trust for the Owners of such Certificates.

**SECTION 5.05. PREPAYMENT OF PORTION OF CERTIFICATES.**

If a portion of an Outstanding Certificate shall be selected for prepayment, the Owner thereof or his attorney or legal representative shall present and surrender such Certificate to the Trustee for payment of the principal amount thereof so called for prepayment and the Prepayment Premium, if any, on such principal amount, and the Trustee shall authenticate and deliver to or upon the order of such Owner or his legal representative, without charge therefor, for the unpaid portion of the principal amount of the Certificate so surrendered, a Certificate of the same maturity, Series and bearing interest at the same rate; provided, however, that if the Owner is a securities depository nominee, the securities depository, in its discretion, (a) may surrender such Certificate to the Trustee and request that the Trustee authenticate and deliver a new Certificate for the unpaid portion of the principal amount of the Certificate so surrendered, or (b) shall make an appropriate notation on the Certificate indicating the dates and amounts of such prepayment in principal.

**SECTION 5.06. CANCELLATION.**

Certificates so prepaid, presented and surrendered shall be cancelled upon the surrender thereof.

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**ARTICLE VI  
ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS**

**SECTION 6.01. APPLICATION OF CERTIFICATE PROCEEDS.**

On the date of delivery of each Series of Certificates, the Trustee agrees to deposit the proceeds of the Certificates as provided in the Request and Authorization relating to each such Series, which shall be in substantially the form provided in Exhibit "C" attached hereto.

**SECTION 6.02. CREATION OF FUNDS AND ACCOUNTS.**

(a) There is hereby established with the Trustee the following funds and accounts:

(i) The "School Board of Walton County, Florida Master Lease Project Fund." The Trustee shall maintain three separate accounts in the Project Fund: the "Project Account," the "Costs of Issuance Account" and the "Capitalized Interest Account."

(ii) The "School Board of Walton County, Florida Master Lease Payment Fund." The Trustee shall maintain three separate accounts in the Lease Payment Fund: the "Principal Account," the "Interest Account" and the "Reserve Account."

(iii) The "School Board of Walton County, Florida Master Lease Prepayment Fund."

(iv) The "School Board of Walton County, Florida Master Lease Rebate Fund."

Moneys in the aforementioned funds and accounts (other than the Rebate Fund), until applied in accordance with the provisions hereof, shall be subject to a first lien and charge in favor of the Owners of the Certificates and for the further security of such Owners in accordance with the terms hereof. The Trustee shall keep and hold moneys in the funds, accounts and subaccounts established pursuant to this Section separate and apart from all other funds and moneys held by it.

(b) Except as may be otherwise provided by a Supplemental Trust Agreement, the Trustee shall establish, upon the issuance of any Series of Certificates (i) a separate subaccount in the Project Account, the Capitalized Interest Account (if the proceeds of such Series shall be used to capitalize interest thereon), the Costs of Issuance Account, the Principal Account, the Interest Account and the Reserve Account (if proceeds of such Series shall be required to be deposited therein), and (ii) a separate account in the Prepayment Fund. Such separate account and subaccount described above (the "Pledged Accounts") shall be established for the sole benefit of the Owners of the Series of Certificates for which they shall be established. The Trustee shall also establish at the request of the Board, a separate account in the Rebate Fund for a Series of Certificates. Each such account and subaccount shall be designated by the Trustee with the Series of the Certificates which they shall secure.

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the purchase price and other pertinent information requested by the Trustee, in the case of interest in the Land. Any such invoice, bill of sale or purchase contract shall indicate that title to the Equipment, other than Designated Equipment, or interest in Land referred to therein shall be in the name of the Corporation or the Board, as applicable, and that title to Designated Equipment referred to therein shall be in the name of the Board. Before the Trustee is authorized to make any disbursements for the acquisition of Land (i) the Trustee shall have received an ALTA owners title insurance policy, or a commitment with respect thereto, with a reputable title insurance company, indicating the Trustee as an additional payee or an additional insured, to the extent that its interest is insurable under Florida law, which shall insure either the Corporation's title to its interest in such Land or the Trustee's Leasehold Estate in such Land, as the case may be, in the sum of the acquisition cost of the Land, plus the budgeted construction cost of any Building to be constructed on such Land and (ii) if required by the Credit Enhancer, a Phase I environmental audit relating to the land being acquired, prepared by an independent engineer or other qualified consultant concluding that such land is environmentally acceptable and not recommending more intensive procedures. In the case of acquisition of Land, the Trustee shall, at the request of the Board, transfer, pursuant to a Requisition, moneys to an escrow account held by the attorney to the Board which moneys shall be used to purchase the Land within three Business Days of such transfer. The Trustee may rely upon all assertions made by the Board in the Requisition.

(d) (i) Before the Trustee is authorized to make any disbursements for the construction of a Building (except for the payment of Architect's, Surveyor's or Engineer's progress payments as described below), the Trustee shall have received from the Board, but shall have no responsibility for reviewing the contents thereof, the following instruments and documents:

(A) A copy certified as true of the Construction Contract or Contracts for such Building.

(B) A copy of all permits or government approvals obtained by the Corporation and the Board for the construction and operation of such Building, if any, including, without limitation, building permits and water management districts permits or approvals.

(C) One copy of a recent survey plat of the portion of the Land upon which such Building is to be constructed prepared and sealed by a licensed Florida surveyor. The survey plat must (i) include a legal description of such portion of the Land and certify the number of acres included in such portion of the Land; (ii) include the boundaries of such Land; (iii) indicate the size and location of all existing improvements, roads, paths, culverts, drainage ditches, easements, utility lines and encroachments on such portion of the Land; (iv) indicate the size and location of all easements affecting such portion of the Land; (v) indicate the location of the nearest public streets and access of such portion of the Land to those streets; and (vi) indicate the flood hazard designation (if any).

(D) A payment and performance bond, or appropriate substitute therefor, meeting the requirements of either Chapter 713 or Section 253.05,

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**SECTION 6.03. PROJECT ACCOUNT.**

(a) The Trustee shall deposit into each subaccount of the Project Account (i) the proceeds from the Series of Certificates for which it was established in accordance with the Request and Authorization relating to such Series, (ii) any additional amounts deposited with the Trustee by the Board for the purpose of paying additional Project Costs in accordance with Section 3.05 of the Lease Agreement, and (iii) any Net Proceeds deposited with the Trustee by the Board pursuant to Section 5.08(b) of the Lease Agreement. Amounts in each subaccount of the Project Account shall be disbursed for (i) Costs of Issuance in the event that the Costs of Issuance Account has been closed, and (ii) Costs of the Project for which it was established and for no other purpose; provided, however, that a sufficient amount of proceeds of Certificates issued to refund Refunded Obligations to satisfy the Escrow Requirement shall be deposited in the Escrow Account under the Escrow Deposit Agreement. Disbursements from each subaccount of the Project Account shall be made by the Trustee upon receipt of a completed Requisition requesting disbursement, duly executed by an Authorized Officer of the Board.

(b) The Trustee shall make payment for each item or portion of a Project to the Board or the designee of the Board (which may include the Vendor, Developer, or Contractor of any portion of such Project) in the amount thereof by transferring such amount from the appropriate subaccount of the Project Account by wire transfer into an account (including an account of the Vendor, Developer or Contractor) designated in writing in advance by the Board, by check to the designee of the Board or by crediting such amount to an account of the Board maintained with the banking department of the Trustee for such purpose within two Business Days of the receipt of a Requisition from the Board (provided the Requisition is in compliance with the terms hereof) and any materials or instrument required by the terms hereof and of the Lease Agreement. The Trustee is also authorized to rely conclusively upon the Board's written approval of the Requisition without independently confirming compliance with or satisfaction of such requirements or the requirements set forth in this Trust Agreement. The Trustee may also rely upon the certification of the Board in the Requisition or in any documents, certificates or instruments submitted in connection therewith as to the factual conditions precedent to any disbursements hereunder and shall have no responsibility or duty to review the attachments to such Requisition (but must determine that all required attachments in the itemized list are present) or investigate the basis for such certifications or representations. The Trustee has no responsibility or duty to review the attachments to any Requisition, provided the Trustee shall determine that all necessary attachments to such Requisition are, in fact, attached. The Trustee shall have no obligation to make such determination if the Requisition received by the Trustee contains a certification from the Board to the effect that all such necessary attachments to such Requisition are attached.

(c) The Trustee shall make payment for each item of Equipment or interest in Land constituting a portion of a Project in the amount of the purchase price therefor from the appropriate subaccount of the Project Account by transferring such amount in accordance with the procedures described in Section 6.03(b) hereof within two Business Days of the receipt of (i) a Requisition, and (ii) an invoice or bill of sale from a Vendor, in the case of Equipment, or a fully executed purchase contract setting forth

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Florida Statutes, as the case may be (the Board's assertion that such bond meets such requirements being conclusive), in the full amount of the Construction Contracts to be entered into pursuant thereto naming the Trustee as co-obligor.

(E) A copy of the Plans and Specifications for such Building.

(F) If required by the Credit Enhancer Phase I environmental audit relating to the portion of the land upon which such building is to be constructed prepared by an independent engineer or other qualified consultant concluding that such portion of the land is environmentally acceptable and not recommending more intensive procedures.

Nothing hereinabove shall be interpreted to require that the items mentioned in clauses (A) to (E), inclusive, be filed with each Requisition so long as such items are on file with the Trustee.

(iii) Each Requisition submitted by the Board for payment of Project Costs constituting construction costs (except for the payment of Architect's, Surveyor's or Engineer's progress payments as described below) must be approved in writing by an Authorized Officer of the Board and must include certificates and/or affidavits from the Architect, Engineer, Contractor, Surveyor or Developer (as is appropriate under the circumstances), certifying with respect to the portion of such Project to which such Requisition relates:

(A) The estimated percentage of the construction completed at that time based upon the Plans and Specifications of such Project;

(B) That all claims for labor and materials have been paid;

(C) That there are no liens other than Permitted Encumbrances outstanding against such portion of the Project;

(D) That all construction completed to date has been done in accordance with the Plans and Specifications relating thereto;

(E) That all required surety bonds are in full force and effect; and

(F) That the Building can be completed in accordance with the Plans and Specifications and the Project Budget relating thereto on or before the Estimated Completion Date.

(iii) Each Requisition submitted by the Board for payment of Project Costs constituting Architect's, Surveyor's or Engineer's progress payments must be accompanied by the bill for the amount of such progress payment and be approved in writing by an Authorized Officer of the Board.

(c) Execution by the Board of a Requisition shall constitute approval and acceptance of the items or portions of the Project identified therein for purposes of disbursements hereunder and under the Lease Agreement.

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(f) Upon the receipt by the Trustee of a completed Requisition therefor, the Trustee shall disburse moneys from the appropriate subaccount of the Project Account in the manner required in this Section to reimburse the Board for Project Costs paid by the Board prior to the Commencement Date relating to such Project in anticipation of the issuance of the Series of Certificates which shall finance such Project.

(g) Upon the earlier of (i) receipt of a certificate executed by an Authorized Officer of the Board stating that all the Costs of a Project have been paid and the acquisition, construction and installation of such Project has been completed in accordance with the Plans and Specifications relating thereto and such Project has been approved and accepted by the Board or (ii) on the Closure Date provided in the Lease Schedule relating to such Project for the closure of the related subaccounts of the Project Account (the "Completion Date"), the subaccount of the Project Account established in relation to such Project be closed and if amounts remaining in such subaccount of the Project Account equal or exceed the Prepayment Amount provided in the Lease Schedule relating to such Project, such amount shall be deposited into the account of the Prepayment Fund established for the Series of Certificates which financed such Project and shall be applied by the Trustee to effect an extraordinary mandatory prepayment of the Series of Certificates which financed such Project in accordance with the provisions hereof; provided, if the excess then remaining in such subaccount of the Project Account is less than such Prepayment Amount, such excess amount shall be deposited into the subaccount of the Interest Account established in relation to such Project. If a subaccount of the Project Account has not been earlier closed and if, on or before the Closure Date provided in the Lease Schedule for closure of such subaccount, the Board provides a certificate of an Authorized Officer that all or a portion of moneys then on deposit in such subaccount of the Project Account are required to pay Project Costs for items which have been or will be ordered or contracted, or Project Costs constituting sales or use taxes of items installed if such sales or use taxes are or will be payable but have not yet been paid, then such remaining amounts or portions thereof shall not be deemed excess amounts within the meaning of this Section 6.03(g) and shall be retained in such subaccount of the Project Account for the purpose of payment of said Project Costs described in said certificate. Said certificate may direct the deposit of Project Costs constituting said sales and use taxes in a separate subaccount to be used for payment of said sales and use taxes at the time and in the manner as an Authorized Officer of the Board shall direct, but in no event shall the Trustee be responsible or liable for payment of said sales and use taxes except as may be so directed by an Authorized Officer of the Board.

#### SECTION 6.04. COSTS OF ISSUANCE ACCOUNT.

(a) Amounts in each subaccount of the Costs of Issuance Account shall be disbursed for Costs of Issuance relating to the Series of Certificates for which it was established. Disbursements from the Costs of Issuance Account shall be made by the Trustee upon receipt of a Requisition executed or approved by an Authorized Officer of the Board.

(b) Upon receipt of a certificate executed by an Authorized Officer of the Board stating that all Costs of Issuance relating to the Series of Certificates for which

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such Payment Date bears to the total principal amount of Certificates of such Series due on such Payment Date under this Trust Agreement and thereafter as provided as set forth above.

(b) Supplemental Rent payments made by the Board pursuant to Section 4.03(f) of the Lease Agreement shall be deposited as received by the Trustee to the appropriate subaccount of the Reserve Account. Supplemental Rent payments made by the Board pursuant to Section 4.03(g) of the Lease Agreement shall be deposited as received by the Trustee to the Rebate Fund. Any other Supplemental Rent payments received by the Trustee shall be applied to the payment of Persons entitled to such Supplemental Rent, or, if the Trustee determines such Supplemental Rent payment is surplus, it shall be utilized in such manner as shall be directed by the Board.

(c) Whenever there has been a prepayment of Basic Rent Payments, for any reason, the Trustee shall prepare, or cause to be prepared, and transmit to the Board a revised Basic Rent Payment schedule for each affected Lease Schedule reflecting such prepayment. In preparing such schedule, the Trustee may require the Board to prepare the necessary calculations, and the Trustee shall be protected in relying on such calculations.

(d) In the event a Series of Certificates is secured by a Credit Facility, the Trustee, at the request of the Board, may deposit moneys in the subaccounts established in the Interest Account and the Principal Account at such other times and in such other amounts from those provided in this Section as shall be necessary to pay the principal of and interest on such Certificates as the same shall become due, all as provided by the Supplemental Trust Agreement authorizing such Certificates. In the case of Certificates secured by a Credit Facility, amounts on deposit in any subaccounts established for such Certificates shall be applied as provided in the applicable Supplemental Trust Agreement to reimburse the Credit Enhancer for amounts drawn under such Credit Facility to pay the principal of or Prepayment Price, if applicable, and interest on such Certificates or to pay the purchase price of any such Certificates or to pay the purchase price of any such Certificates which are tendered by the Owners thereof for payment.

(e) At the time of issuing any Variable Rate Certificates there shall be established the Maximum Interest Rate with respect thereto and a maximum interest rate with respect to amounts owed to the Credit Bank which provides liquidity for such Certificates.

#### SECTION 6.07. RESERVE ACCOUNT.

(a) If on any Payment Date, the amounts in any subaccount of the Interest Account or the Principal Account are less than the interest, principal and Amortization Installments then due in relation to a Series of Certificates for which it was established, the Trustee shall transfer, from the applicable subaccount, if any, of the Reserve Account, if any, established in relation to such Series of Certificates, to such subaccount or subaccounts, an amount sufficient to make up any deficiency therein. In the event of any such transfer, the Trustee, except subsequent to an Event of Non-Appropriation, shall, within five (5) days after making such transfer, provide written notice to the Board of the amount and date of such transfer and the Board shall,

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it was established have been paid or provision for payment thereof has been made, the Trustee shall transfer any amounts remaining in such subaccount or the Costs of Issuance Account to the subaccount of the Project Account relating to such Series of Certificates and such subaccount of the Costs of Issuance Account shall be closed.

#### SECTION 6.05. CAPITALIZED INTEREST ACCOUNT.

Funds in each subaccount of the Capitalized Interest Account relating to a Series of Certificates shall be transferred to the subaccount of the Interest Account relating to such Series of Certificates in an amount necessary to pay the interest coming due on the Series of Certificates for which such subaccount was established. Such transfer shall be made on each Payment Date for such Series until the amounts in such subaccount have been fully expended.

#### SECTION 6.06. DISPOSITION OF LEASE PAYMENTS.

(a) Basic Rent Payments paid in accordance with each Lease Schedule to the Trustee, as assignee of the Corporation pursuant to the Lease Agreement and to the Assignment Agreement, shall be deposited as received by the Trustee in the Lease Payment Fund in the following manner and in the following order of priority:

(i) There shall be deposited to the subaccount of the Interest Account established for the payment of a Series of Certificates from the Interest Component of Basic Rent an amount which shall be sufficient to pay the interest becoming due on such Series of Certificates on the next succeeding Payment Date. Moneys in each subaccount of the Interest Account shall be used to pay the interest on the Series of Certificates for which it was established as and when the same become due, whether by prepayment or otherwise, and for no other purpose. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on all Outstanding Certificates on the next succeeding Payment Date.

(ii) There shall be deposited to the subaccount of the Principal Account established for the payment of a Series of Certificates from the Principal Component of Basic Rent an amount which shall be sufficient to pay the principal and the Amortization Installment becoming due on such Series of Certificates on the next succeeding principal Payment Date. Moneys in each subaccount of the Principal Account shall be used to pay the principal and the Amortization Installment of the Series of Certificates for which it was established as and when the same shall mature or are prepaid, and for no other purpose. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal and the Amortization Installment coming due on all Outstanding Certificates on the next succeeding principal Payment Date.

(iii) With respect to any Payment Date, to the extent Basic Lease Payments collected for all Lease Schedules are less than the Basic Lease Payments then due for all Lease Schedules, such amounts shall be applied on a pro-rata basis to Certificate Holders of all Series in accordance with the ratio that the principal amount of each Series of Certificates outstanding due on

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within thirty (30) days of receipt of such written notice, pay from moneys budgeted and appropriated as Basic Rent during the current Fiscal Year as Supplemental Rent to the Trustee for deposit into the appropriate subaccount of the Reserve Account an amount necessary to cause the moneys in each such subaccount of the Reserve Account to be equal to the Reserve Requirement applicable thereto.

(b) Subject to any limitation contained in a Series Supplemental Trust Agreement, the Trustee is hereby authorized to accept a Reserve Account Letter of Credit/Insurance Policy and any subsequent Reserve Account Letter of Credit/Insurance Policy provided by the Board in satisfaction of the Reserve Requirement for a subaccount of the Reserve Account pursuant to Section 4.03(f) of the Lease Agreement. To the extent necessary to comply with this Section, the Trustee is hereby directed to take any and all actions required to draw on the Reserve Account Letter of Credit/Insurance Policy and any subsequent Reserve Account Letter of Credit/Insurance Policy deposited in the Reserve Account.

(c) Moneys in each subaccount of the Reserve Account shall only be used for the purpose of making up for deficiencies in the subaccount of the Interest Account or Principal Account relating thereto in the event that moneys therein are less than the Interest Component and Principal Component of Basic Rent Payments relating thereto due on any Payment Date.

(d) If on any Payment Date, the amount of all payments due and payable on a Series of Certificates exceeds the amount on hand in the subaccount of the Interest Account and the Principal Account relating to such Series, taking into account any transfers made from the related subaccount of the Reserve Account which was established for the benefit of such Series pursuant to Sections 6.07(a) and 6.07(b) hereof, the Trustee shall apply the moneys on hand (herein first to the payment of all past due interest with respect to such Series of Certificates, and, second, to the payment of that portion of the unpaid principal or Amortization Installment of such Series of Certificates which is then past due, pro rata if necessary).

(e) Whenever the moneys in the Lease Payment Fund, including the Reserve Account, shall be sufficient to pay the principal of, Amortization Installments and interest coming due on the Certificates, moneys in the Reserve Account shall be deposited to the appropriate subaccounts of the Interest Account and Principal Account as required to pay the Certificates, and no further Basic Rent Payments shall be required under the Lease Agreement.

(f) If, after the date Certificates are prepaid pursuant to the provisions of Article V and Section 6.08 hereof, the amounts in a subaccount of the Reserve Account established for a Series of Certificates exceed the Reserve Requirement applicable thereto then in effect, adjusted to reflect such prepayment, or the Reserve Requirement is decreased for any other reason, the Trustee shall deposit such excess to the subaccount of the Interest Account relating to such Series of Certificates.

#### SECTION 6.08. PREPAYMENT FUND.

The Trustee shall deposit to each account of the Prepayment Fund for prepayment of Certificates secured by each such account in accordance with Article V

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hereof (a) any amounts deposited by the Board for the purpose of paying the Prepayment Price of all or a portion of such Series of Certificates on any date in accordance with the Supplemental Trust Agreement pursuant to which such Series of Certificates is authorized to be issued, (b) any amounts remaining in the Project Account and required to be transferred to such account of the Prepayment Fund pursuant to Section 6.03(g) hereof, and (c) any Net Proceeds required to be transferred to such account of the Prepayment Fund pursuant to Section 5.08(b) of the Lease Agreement. Said moneys shall be set aside in such account of the Prepayment Fund solely for the purpose of redeeming the Certificates secured by such account in advance of their maturity and shall be applied to the prepayment at the applicable Prepayment Price of such Certificates being prepaid on such prepayment date. Interest on such prepaid Certificates shall be paid from the subaccount of the Interest Account established for payment of such Certificates, except to the extent moneys for payment of interest were deposited to such account of the Prepayment Fund, in which case it shall be paid from such account of the Prepayment Fund.

#### SECTION 6.09. NO UNAUTHORIZED TRANSFERS.

No amount shall be withdrawn or transferred from or paid out of any fund or account except as expressly provided in this Trust Agreement.

#### SECTION 6.10. DEPOSIT AND INVESTMENT OF MONEYS IN ACCOUNTS.

(a) All moneys held by the Trustee in any of the funds, accounts or subaccounts established pursuant to this Trust Agreement shall be deposited or invested in Permitted Investments. Prior to termination of the Lease Agreement, the Board, through an Authorized Officer, shall provide the Trustee written instructions with respect to investment of the moneys held hereunder in Permitted Investments and the Trustee shall make investments in accordance with said instructions. In the event the Board does not provide the Trustee with written instructions with respect to investments, the Trustee shall invest such funds in such Permitted Investments in accordance with standing written instructions previously provided by the Board. Permitted Investments of moneys in Pledged Accounts may be modified as they relate to such Pledged Accounts pursuant to the Supplemental Trust Agreement authorizing the establishment of such Pledged Accounts.

(b) All interest and other income (net of rebate) received by the Trustee from investment of funds on deposit in each subaccount of the Reserve Account and the Capitalized Interest Account established for the benefit of a Series of Certificates shall, prior to the Completion Date, be deposited in the subaccount of the Project Account which was funded by such Series of Certificates and, after said Date, be deposited in the subaccount of the Interest Account established for such Series of Certificates and be applied as set forth in Section 6.06 hereof; provided, however, that all interest and other income (net of rebate) received by the Trustee from investment of a subaccount of the Reserve Account shall be retained in such subaccount in the event that amounts on deposit in such subaccount are less than the Reserve Requirement applicable thereto. Transfers to the Interest Account of interest and income (net of rebate) from investments in the Reserve Account and Capitalized Interest Account as described above shall be made by the Trustee on or prior to each Payment Date, and shall be applied as set forth herein. At the time of deposit of said moneys in the

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#### SECTION 6.12. APPLICATION OF MONEY IN THE REBATE FUND.

(a) The Trustee shall be deemed to have complied with the provisions of this Section and each Letter of Instructions if it follows the directions of the Board and the Corporation, and the Trustee shall have no liability or responsibility to enforce compliance by the Board and the Corporation with the terms of this Section and each such Letter of Instructions. The Trustee shall have no responsibility for calculating the amount required to be rebated to the United States Treasury Department pursuant to the Code, nor shall the Trustee have any responsibility for determining the accuracy of any such amount calculated by any Person.

(b) Any funds remaining in the Rebate Fund, after prepayment and payment of all of the Certificates and any amount required to be paid to the United States, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee and satisfaction of the rebate requirement described in the Letter of Instructions, shall be withdrawn by the Trustee and remitted to the Board.

(c) Upon the Board's written direction, the Trustee shall pay to the United States, out of amounts in the Rebate Fund, the rebate requirement, in the amounts and at the times described in each Letter of Instructions.

(d) In the event that, prior to the time of any required payment out of the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Board shall deposit with the Trustee for application to the Rebate Fund an amount equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this subsection shall be made in the manner described in the Letters of Instructions.

(e) Any Letter of Instructions shall be amended from time to time as, in the opinion of Special Counsel, shall be necessary to reflect the current status of the Code in regard to the rebate requirement.

(f) Each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates shall have attached thereto a Letter of Instructions relating to the rebate requirement described herein, unless Special Counsel determines such Letter of Instructions is unnecessary.

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Interest Account, the Trustee shall report the amount of said credit to the Board. All interest and other income (net of rebate) derived from investments of each subaccount of the Project Account and each subaccount of the Interest Account shall be retained in such respective subaccounts. All interest or other income (net of rebate) derived from investments of each subaccount of the Costs of Issuance Account established for the benefit of a Series of Certificates shall be deposited in the subaccount of the Project Account which was funded by such Series of Certificates. All interest and other income (net of rebate) derived from investments of each subaccount of the Principal Account and each account of the Prepayment Fund established for a Series of Certificates shall be deposited in the subaccount of the Interest Account established for such Series of Certificates. For purposes of this section, the "netting of rebate" shall be accomplished only pursuant to instruction of the Board pursuant to Section 6.12 hereof.

(c) Except as otherwise provided in a Supplemental Trust Agreement for a Series of Certificates for the purpose of determining the amount on deposit in any fund, account or subaccount, Permitted Investments in which money in such fund, account or subaccount is invested shall be valued at one hundred per centum (100%) of the principal or face amount thereof.

#### SECTION 6.11. CREDIT AGAINST LEASE PAYMENTS.

Not earlier than thirty (30) days and not later than three (3) days prior to each Payment Date, the Trustee shall report to the Board the amount of the credit against Basic Rent Payments available to the Board under the Lease Agreement. Such credit shall be an amount equal to the sum of (a) the amount of interest and other income (net of rebate) deposited in each subaccount of the Interest Account pursuant to Section 6.10 hereof since the date of the previous report made by the Trustee pursuant to this Section, (b) the amount of moneys, if any, transferred to the Interest Account and Prepayment Fund pursuant to Section 6.03(g) hereof since the date of the previous report made by the Trustee pursuant to this Section, (c) the amount of moneys, if any, transferred to each subaccount of the Interest Account pursuant to Section 6.07(f) hereof since the date of the previous report made by the Trustee pursuant to this Section, plus (d) the amount, if any, on deposit in each subaccount of the Principal Account and the Interest Account on the date of the report made by the Trustee pursuant to this Section which is not derived from the sources described in clauses (a), (b) and (c) above. In addition to the credit referenced in the preceding sentence, the Trustee and the Corporation acknowledge that, to the extent not included in the preceding calculation, there shall be applied as a credit against Basic Rent Payments payable on a Payment Date an amount equal to the amount then on deposit in each subaccount of the Interest Account representing accrued interest and that the amount in the Reserve Account shall be applied as a credit against the last Basic Rent Payments as provided in Section 6.07(e) hereof. In the event that the total amount of the credit exceeds the Basic Rent Payments due on the Payment Date following said report, the amount of said excess shall be applied as a credit against the next subsequent Basic Rent Payments.

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### ARTICLE VII GENERAL COVENANTS AND REPRESENTATIONS

#### SECTION 7.01. BOARD TO PERFORM AGREEMENTS.

The Board covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement to the extent so imposed.

#### SECTION 7.02. CORPORATION TO PERFORM AGREEMENTS.

The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement, the Ground Lease, and the Assignment Agreement, and any Assignment of Ground Lease, to the extent so imposed.

#### SECTION 7.03. NO OBLIGATION WITH RESPECT TO PERFORMANCE BY TRUSTEE.

The Corporation and the Board shall not have any obligation or liability to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

#### SECTION 7.04. NO LIABILITY TO OWNERS FOR PAYMENT.

Except as provided in this Trust Agreement, neither the Corporation nor the Trustee shall have any obligation or liability to the Owners of the Certificates with respect to the payment of the Lease Payments by the Board when due, or with respect to the performance by the Board of any other covenants made by it in the Lease Agreement.

#### SECTION 7.05. COVENANT NOT TO IMPAIR TAX STATUS OF CERTIFICATES.

So long as the Lease Agreement is in effect, neither the Corporation nor the Board shall take nor permit nor suffer to be taken nor fail to take any action within their control which action or failure to act would impair the exclusion, if applicable, from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment, including the calculation and payment of any rebate necessary to preserve the exclusion, if applicable, from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment received by the Owners. Neither the Corporation nor the Board shall permit or direct the investment of any proceeds of the Certificates or the Lease Payments in such a manner that would result in the Certificates (other than Taxable Certificates) or the Lease Agreement being characterized as "arbitrage bonds" under Section 148 of the Code. The Corporation and the Board will comply with the provisions of the arbitrage certificate and the exhibits thereto executed by the Board which relates to the issuance of a Series of Certificates. This Trust Agreement shall not be construed to constrain in any manner the ability of the Trustee to sublease, sell or dispose of the Project in the Event of a Default or Event of Non-Appropriation under the Lease Agreement.

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**SECTION 7.06. DIRECTORS, MEMBERS, OFFICERS AND EMPLOYEES OF TRUSTEE, CORPORATION AND BOARD EXEMPT FROM PERSONAL LIABILITY.**

No recourse shall be had for the obligations specified hereunder, under the Certificates or under the Lease Agreement or for any claim based hereon or thereon or upon any representation, obligation, covenant or agreement in this Trust Agreement or the Certificates or the Lease Agreement against any past, present or future officer, vendor, employee, director or agent of the Trustee, the Corporation or the Board as such, either directly or through the Corporation or the Board, or any successor thereto under any statute or rule of law or equity, statute or constitution or by the enforcement or any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Trust Agreement, the Lease Agreement and the issuance of the Certificates.

**SECTION 7.07. CORPORATION OBLIGATION FOR PROJECTS.**

(a) Pursuant with the terms of the Lease Agreement and except as provided in Section 4.07(b) thereof, the Corporation may agree to accept title to certain Projects, other than of the Designated Equipment, subject to the rights of the Board under the Lease Agreement and, in such case, shall mortgage or assign such title by outright conveyance to the Trustee pursuant to the Assignment Agreement. In consideration of the issuance of the Certificates, the Corporation agrees that in such case, if an Event of Non-Appropriation or an Event of Default described in Section 8.01(e) hereof occurs and the Lease Agreement shall be terminated, it shall, at the request of the Trustee, transfer any interest of the Corporation in the title of all or a portion of the Projects to the Trustee, except as otherwise provided in Section 4.07(b) of the Lease Agreement or in the case Designated Equipment. The Corporation shall be required to transfer title only to the Projects or portions thereof to which it has title at the time of such request. The Corporation shall provide the Trustee with all instruments necessary to evidence such transfer of title. In accordance with the terms of Section 8.03 hereof and except as provided in Sections 4.07(b) and 7.03(b) of the Lease Agreement, the Trustee may sell, re-let or otherwise dispose of the Corporation's interest in the Projects if an Event of Non-Appropriation or an Event of Default described in Section 8.01(e) hereof occurs and the Lease Agreement shall be terminated. The proceeds from such sale, re-letting or disposition shall be used as provided in Section 8.04 hereof. If the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Non-Appropriation or an Event of Default described in Section 8.01(e) hereof, the Corporation hereby agrees that the Trustee may, subject to Article 9 hereof, take possession of the Projects and shall have complete authority over the disposition of the Projects, subject to the rights of the Credit Enhancer as set forth in the Series 1999 Supplemental Trust Agreement. The Corporation will promptly comply with all directions of the Trustee in regard to such disposition.

(b) The Corporation agrees that it shall not place any lien or encumbrance on its interest in the Projects, except Permitted Encumbrances. In addition, the Corporation shall not sell or assign such interest in the Projects, or any portion thereof, except to the Trustee in accordance herewith, or as may be directed by the Trustee or as shall be required by the terms of the Lease Agreement.

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**ARTICLE VIII**

**EVENTS OF DEFAULT**

**SECTION 8.01. EVENTS OF DEFAULT.**

Each of the following events is hereby declared an Event of Default under the Trust Agreement:

(a) Payment of any installment of interest on any Certificate shall not be made when the same shall become due and payable; or

(b) Payment of the principal, Amortization Installment or the prepayment premium, if any, of any Certificate shall not be made when the same shall become due and payable, whether at maturity or by proceedings for mandatory prepayment or otherwise; or

(c) Default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Trust Agreement or any Supplemental Trust Agreement and such default shall continue for thirty (30) days (or such further time as may be granted in writing by the Trustee) after receipt by the Board and the Corporation of a written notice from the Trustee specifying such default and requiring the same to be remedied; or

(d) Payment of any amounts owing a Credit Bank in regard to a reimbursement agreement relating to its Credit Facility shall not be made when the same shall become due and payable; or

(e) An "Event of Default" shall have occurred under the Lease Agreement, and, in the case of such "Event of Default," it shall not have been remedied or waived.

**SECTION 8.02. ACCELERATION OF MATURITIES.**

Subject to any Credit Enhancer's rights set forth in a Series Supplemental Resolution, upon the happening and continuance of any Event of Default specified in Section 8.01 hereof or upon an Event of Non-Appropriation, and only subsequent to the termination of the Lease Agreement, the Trustee, in regard to each Series of Certificates, may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of a Series of Certificates then Outstanding or the Insurer of such Series, shall by notice in writing to the Board and the Corporation, declare the principal of all Certificates of such Series then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Certificates or in this Trust Agreement to the contrary notwithstanding; provided, however, that any Series of Certificates which are insured as to payment by an Insurer may be accelerated only with the prior written consent of such Insurer (if such Insurer is not in default in respect of its payment obligations under its municipal bond insurance policy); provided, further, that if at any time after the principal of a Series of Certificates shall have been so declared to be due and payable, and before the entry of

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(c) The Corporation may, at the request of the Board and in the Corporation's sole discretion, grant to the Trustee a mortgage and security interest in its interest in any Project, or portion thereof. Such mortgage and security interest may be delivered at the same time as the Series of Certificates which shall finance such Project, shall be for the sole benefit of the Owners of such Series of Certificates and all taxes or imposts due on such mortgage, the recording thereof, or the lien thereof or the obligation thereby secured, shall be paid either by the Board or from the proceeds of the Certificates.

(d) The Corporation covenants that it shall not participate in activities unrelated to the efficient utilization of the Project. Such prohibited activities include, but are not limited to, participation in other business or philanthropic activities, except to the extent necessary to fulfill its obligations under the Certificate Documents.

(e) The Corporation covenants that it will not incur any indebtedness apart from obligations contemplated in the Certificate Documents.

**SECTION 7.08. COMPLIANCE CERTIFICATE.**

Annually, the Board shall file with the Trustee, within 120 days after the end of its fiscal year, a certificate signed by an Authorized Officer stating the he/she has made a review of the operation of the Project, that such review was reasonably likely to detect a default should one exist, and that after such review either the signer has no knowledge of any default or a specific description of the events leading to the default with a description of the steps which are being taken to remedy the default.

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final judgement or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Trust Agreement, moneys shall have accumulated in or shall have been paid into the Lease Payment Fund sufficient to pay the principal of all matured Certificates and all arrears of interest, if any, upon all Certificates then outstanding (except the principal of any Certificate not then due and payable by its terms and the interest accrued on such since the last interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board under the Lease Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Certificates or in this Trust Agreement (other than a default in the payment of the principal of such Certificates then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, and the Lease Agreement shall have been reinstated, then and in every such case the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Certificates not then due and payable by their terms (Certificates then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the Board and the Corporation, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default hereunder or impair any right consequent thereon.

**SECTION 8.03. ENFORCEMENT OF REMEDIES.**

(a) Upon the happening and continuance of an Event of Non-Appropriation or any Event of Default specified in Section 8.01 hereof, then and in every such case the Trustee may with the consent of the Insurer proceed, or upon the written request of any applicable Credit Enhancer or, in the case of Certificates for which no Credit Facility is established, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall proceed, subject to the provisions of Section 9.02 of this Trust Agreement, to protect and enforce its rights and the rights of the Owners under the laws of the State, under this Trust Agreement or the Lease Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel chosen by the Trustee, shall deem most effectual to protect and enforce such rights. The Trustee may also exercise all remedies it or the Corporation may have under law and under the Trust Agreement, the Lease Agreement and any mortgage or ground lease relating to a Project.

(b) In the enforcement of any remedy under this Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default hereunder becoming and remaining due from the Board for principal, interest or otherwise under any of the provisions of this Trust Agreement or of the Certificates, together with interest on overdue payments of principal at the Overdue Rate and all reasonable costs and expenses of collection and

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of all proceedings hereunder, without prejudice to any other right or remedy of the Trustee or of the Owners and to recover and enforce any judgment or decree against the Corporation, but solely as provided herein and subject to Section 13.13 hereof, for any portion of such amount remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable.

(c) As provided in Section 7.07 hereof and subject to the limitations thereof, the Trustee, upon an Event of Non-Appropriation or an Event of Default described in Section 8.01(c) hereof and the termination of the Lease Agreement, may take possession of the Projects, or any portion thereof, and it shall, subject to Section 9.02 hereof, if the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Non-Appropriation or an Event of Default described hereunder, take possession of the Projects. Upon taking possession of the Projects the Trustee is authorized to sell, re-let or otherwise dispose of its interest in each Project, or any portion thereof, for the benefit of the Owners of the Series of Certificates which financed or refinanced each such Project, but only in a manner subject to the direction of the Credit Enhancers.

#### SECTION 8.04. APPLICATION OF FUNDS.

(a) Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Lease Payment Fund shall not be sufficient to pay the interest on or the principal of the Certificates as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 8.02 hereof), the Trustee, subsequent to payment of all costs and expenses relating to collection of such moneys and fees and expenses of the Trustee (including reasonable counsel's fees), shall deposit all moneys derived from the sale, re-letting or other disposition of its interest in each Project, including moneys and damages collected in connection therewith, and all moneys in the Pledged Accounts relating thereto (amounts in a subaccount of the Project Account for such Project may, at the discretion of the Trustee, be retained in such subaccount to continue payment of the acquisition and construction of such Project) into a special account established for the sole benefit of the Owners of the Series of Certificates which financed or refinanced such Project and shall apply moneys in such special account as follows:

(i) If the principal of such Series of Certificates shall not have become or shall not have been declared due and payable, all such money in the special account established for such Series shall be applied:

First: to the payment to the Persons entitled thereto of all installments of interest on such Series of Certificates then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Series of Certificates;

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#### SECTION 8.05. EFFECT OF DISCONTINUANCE OF PROCEEDINGS.

If any proceeding taken by the Trustee or Owners on account of any Event of Default hereunder shall have been discontinued or abandoned for any reason, then and in every such case, the Corporation, the Board, the Trustee, the Credit Enhancers and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

#### SECTION 8.06. CONTROL OF PROCEEDINGS BY OWNERS.

Subject to the rights of any Credit Enhancer set forth in a Supplemental Trust Agreement, the Owners of a majority in aggregate principal amount of each Series of Certificates then Outstanding shall have the right, subject to the provisions of Sections 8.14 and 9.02 of this Trust Agreement, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder in regard to such Series, provided that such direction shall be in accordance with law and the provisions of this Trust Agreement and the Lease Agreement.

#### SECTION 8.07. RESTRICTIONS UPON ACTIONS BY INDIVIDUAL OWNERS.

Except as provided in Section 8.13 of this Trust Agreement, no Owner shall have any right to institute any suit, action or proceeding in equity or at law on any Certificate or for the execution of any trust hereunder or for any other remedy hereunder unless such Owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding of the Series of which such Owner belongs shall have made a written request of the Trustee after the right to exercise such powers or right of action as the case may be, shall have accrued, and shall have afforded the Trustee 60 days either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and unless, also, there shall have been offered to the Trustee indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. It is understood and intended that, except as otherwise above provided, no one or more Owners shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement, or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners and that any individual rights of action or other right given to one or more of such Owners by law are restricted by this Trust Agreement to the rights and remedies herein provided.

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Second: to the payment to the Persons entitled thereto of the unpaid principal of any Certificates of such Series that shall have become due and payable, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Certificates of such Series due and payable on any particular date, then to the payment ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference;

Third: to the payment of the interest on and the principal of such Series of Certificates, to the purchase and retirement of such Series of Certificates, and to the prepayment of such Series of Certificates, all in accordance with the provisions hereof;

Fourth: to the payment of any amounts owed and unpaid any Credit Enhancer for such Series or under the reimbursement agreement relating to the Credit Facility for such Series;

Fifth: to the payment of any amounts owing in regard to Ground Leases relating to such Series; and

Sixth: after all overdue amounts have been paid and any remaining outstanding amounts have been prepaid, there shall be paid to the Board any surplus moneys.

(ii) If the principal of such Series of Certificates shall have become or shall have been declared due and payable, all such money in the special account established for such Series shall be applied to the payment of principal and interest then due upon such Series of Certificates without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest or any such Certificate over any other such Certificate ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or preference and then to the payment of any amounts owed and unpaid the Credit Bank for such Series or under the reimbursement agreement relating to the Credit Facility for such Series, and then to the payment of any amounts owing in regard to Ground Leases relating to such Series. Any surplus moneys shall be paid to the Board.

(iii) If the principal of such Series of Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 8.02 hereof, then, subject to the provisions of paragraph (a)(ii) of this Section in the event that the principal of such Series of Certificates shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the special account established for such Series shall be applied in accordance with the provisions of paragraph (a)(i) of this Section.

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#### SECTION 8.08. APPOINTMENT OF A RECEIVER.

Upon the occurrence of an Event of Default or an Event of Non-Appropriation, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Trust Agreement, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers for the Projects with such powers as the court making such appointment shall confer.

#### SECTION 8.09. ENFORCEMENT OF RIGHTS OF ACTION.

All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Certificates may be enforced by the Trustee without the possession of any Certificates or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners hereby secured, and any recovery of judgement shall be for the equal benefit of the Owners.

#### SECTION 8.10. NO REMEDY EXCLUSIVE.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

#### SECTION 8.11. WAIVERS.

No delay or omission by the Trustee or of any Owner in the exercise of any right or power occurring upon an Event of Non-Appropriation or any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver of its rights in respect of such Event of Non-Appropriation or any such Event of Default hereunder or any acquiescence therein, and every power or remedy given by this Trust Agreement to the Trustee, the Credit Enhancer and to the Owners may be exercised from time to time and as often as may be deemed expedient. The Trustee may, and upon written request of the Owners of not less than a majority in principal amount of the Certificates then Outstanding, shall waive any Event of Default which shall have been remedied before the entry of final judgement or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any rights of the Trustee hereunder, provided that the Lease Agreement shall then be in full force and effect, but such waiver shall not waive any subsequent Event of Default hereunder impair any rights or remedies consequent thereon.

#### SECTION 8.12. NOTICE OF DEFAULT.

(a) The Trustee shall mail to all Owners and any Credit Enhancer at their addresses as they appear on the Certificate Register written notice of the occurrence of any Event of Non-Appropriation or an Event of Default set forth in Section 8.01 hereof within thirty (30) days after the Trustee shall have notice of the same; provided that, except upon the happening of an Event of Default specified in clauses (a) and (b) of

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Section 8.01 of this Trust Agreement, the Trustee may withhold such notice to the Owners if in its opinion such withholding is in the interest of the Owners; and provided, further, that the Trustee shall not be subject to any liability to any Owner by reason of its failure to mail any such notice.

(b) The Trustee shall furnish any Credit Enhancer with immediate notice of any Event of Default under Sections 8.01(a) or (b) hereof and written notice of any other default under the Certificate Trust Agreement, as supplemented, the Lease Agreement or the Ground Lease, known to the Trustee, within five (5) Business Days of the Trustee's knowledge thereof.

#### **SECTION 8.13. RIGHT TO ENFORCE PAYMENT OF CERTIFICATES UNIMPAIRED.**

If the Trustee shall fail to take actions required of it pursuant to this Section, nothing in this Article shall affect or impair the right of any Owner to enforce the payment of the principal of and interest on his Certificate or the obligation to pay the principal of and interest on each Certificate to the Owner thereof at the time and place in said Certificate expressed.

#### **SECTION 8.14. CONTROL BY INSURER.**

Upon the occurrence and continuance of an Event of Default, an Insurer of a Series of Certificates, if such Insurer shall not be in default of its commitments under its Municipal Bond Insurance Policy, shall be entitled to direct and control the enforcement of all rights and remedies granted in this Article VIII with respect to such Series of Certificates, including any waiver of an Event of Default.

#### **SECTION 8.15. DEFAULT OR NON-APPROPRIATION BY BOARD.**

Upon and Event of Non-Appropriation or an Event of Default under the Lease Agreement, the Corporation shall take actions under the Ground Lease Agreement and seek remedies as shall be directed by the Credit Enhancer.

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(ii) At all times, regardless of whether or not an Event of Non-Appropriation or any such Event of Default shall exist:

(A) the Trustee shall not be liable for any error of judgement made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(B) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners as provided in Article VIII hereof, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Trust Agreement, the Lease Agreement, the Assignment Agreement, or any Assignment of Ground Lease; and

(C) the Trustee may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder and in good faith and reliance thereon; provided, that, so long as the Board is not in default of any of its obligations under the Lease Agreement, and the Lease Agreement has not been terminated, the Trustee shall take no action in reliance on such advice of counsel until it has notified the Board of its intent with respect thereto.

(c) None of the provisions contained in this Trust Agreement, any Supplemental Trust Agreement, the Lease Agreement or the Assignment Agreement shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

#### **SECTION 9.02. INDEMNIFICATION OF TRUSTEE AS CONDITION FOR REMEDIAL ACTION.**

The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding upon the occurrence of an Event of Non-Appropriation or an Event of Default under this Trust Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all reasonable costs, expenses, outlays and reasonable counsel fees, including without limitation liability arising out of environmentally contaminated or potentially contaminated real property, and other reasonable disbursements, and against all liability. The Trustee nevertheless may, in its sole discretion, but is not required to, begin suit, or appear in and defend suit, or do anything else in its judgement proper to be done by it as such Trustee, without indemnity, and in such case the Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement for all reasonable costs, expenses, outlays and reasonable counsel fees and

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## **ARTICLE IX**

### **CONCERNING THE TRUSTEE**

#### **SECTION 9.01. ACCEPTANCE OF DUTIES.**

(a) The Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Trust Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement. Prior to the occurrence of an Event of Non-Appropriation or any Event of Default hereunder and after the curing of all such Events of Default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Trust Agreement. During the existence of an Event of Non-Appropriation or any such Event of Default that has not been cured the Trustee shall exercise any of the rights and powers vested in it by this Trust Agreement. At all times the Trustee shall use the same degree of care an skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) No provision of this Trust Agreement, any Certificate, the Lease Agreement or the Assignment Agreement or the Assignment of Ground Lease Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) Unless an Event of Non-Appropriation or an Event of Default shall have occurred and be continuing:

(A) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement, the Lease Agreement, the Assignment of Ground Lease Agreement and the Assignment Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Trust Agreement, the Lease Agreement, the Assignment of Ground Lease Agreement and the Assignment Agreement, and no implied covenants or obligations shall be read into this Trust Agreement, the Lease Agreement or the Assignment Agreement or the Assignment of Ground Lease Agreement against the Trustee, and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the accuracy of the statements, requisitions, and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it by the Board and the Corporation conforming to the requirements of this Trust Agreement, the Lease Agreement, the Assignment of Ground Lease Agreement or the Assignment Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Trust Agreement, the Lease Agreement or the Assignment of Ground Lease Agreement or the Assignment Agreement, and

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other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Certificates Outstanding hereunder.

#### **SECTION 9.03. LIMITATIONS ON OBLIGATIONS AND RESPONSIBILITIES OF TRUSTEE.**

The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Board or the Corporation, or to report, or make or file claims of proof of loss for, any loss or damage insured against or that may occur, or keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its execution of this Trust Agreement, the Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgement of this Trust Agreement, or in respect of the validity of Certificates or the due execution or issuance thereof. The Trustee shall be under no obligation to see that any duties herein imposed upon the Corporation, the Board, any depository other than a Trustee depository, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

#### **SECTION 9.04. TRUSTEE NOT LIABLE FOR FAILURE OF CORPORATION OR BOARD TO ACT.**

The Trustee shall not be liable or responsible because of the failure of the Corporation or the Board or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Corporation or the Board or because of the loss of any money arising through the insolvency or the act of default or omission of any depository other than a Trustee depository in which such money shall have been deposited under the provision of this Trust Agreement. The Trustee shall not be responsible for the application of any of the proceeds of Certificates or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application of any of the proceeds of Certificates or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

#### **SECTION 9.05. COMPENSATION AND INDEMNIFICATION OF TRUSTEE.**

Subject to the provisions of any contract between the Corporation, the Board and the Trustee relating to the compensation of the Trustee, the Corporation shall pay or cause the Board to pay to the Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder and shall, to the extent permitted by applicable law, indemnify and save the Trustee harmless against any liabilities and costs (including attorneys fees and costs) that it may incur in the proper exercise and performance of its powers and duties hereunder and under

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the Lease Agreement and related documents. Upon an Event of Default or an Event of Non-Appropriation, the Trustee shall have a lien prior to that of the holders of the Certificates on the Trust Estate for its fees and expenses.

#### SECTION 9.06. MONTHLY STATEMENTS FROM TRUSTEE.

(a) It shall be the duty of the Trustee, by the 25th day of each month, to file with the Board a statement setting forth in respect of the preceding one-month period:

(i) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund, account or subaccount held by it under the provisions of this Trust Agreement,

(ii) the amount on deposit with it at the end of such period in each such fund, account or subaccount,

(iii) a brief description of all obligations held by it as an investment of money in each such fund, account or subaccount,

(iv) the amount applied to the purchase or prepayment of Certificates under the provisions of Article V of this Trust Agreement and a description of the Certificates or portions thereof so purchased or prepaid, and

(v) any other information that the Board may reasonably request.

(b) In addition, on June 1, 1999 and on each anniversary date of the issuance of the Certificates the Trustee shall file with the Board the fund and account balances and investment rates necessary to determine the Rebutable Arbitrage as set forth in Letters of Instructions as requested by the Board.

(c) All records and files pertaining to Certificates, the Corporation and the Board in the custody of the Trustee shall be open at all reasonable times to the inspection of the Board, the Corporation and their agents and representatives.

#### SECTION 9.07. TRUSTEE MAY RELY ON CERTIFICATES.

If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee and in any case in which this Trust Agreement provides for permitting or taking any action, the Trustee may rely upon any provisions of this Trust Agreement, and any such certificate shall be evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate, or other instrument from the Corporation or the Board to the Trustee shall be deemed to have been signed by the proper party or parties as signed by any Authorized Officer of the Corporation or the Board, as the case may be, and the Trustee may accept and rely upon a certificate signed by any such representative as to any action taken by the Corporation or the Board.

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such removal is to take effect as stated in said instrument or instruments. A photostatic copy of any instrument or instruments filed with the Board under the provisions of this paragraph, duly certified by the Superintendent of the Board as having been received by the Board, shall be delivered promptly to the Trustee.

(b) The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Certificates then Outstanding. Such application shall be approved in writing by each Credit Enhancer.

(c) The removal of a Trustee shall not become effective until a successor Trustee has been appointed pursuant to the terms hereof.

#### SECTION 9.13. APPOINTMENT OF SUCCESSOR TRUSTEE.

(a) If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the Board shall appoint a Trustee to fill such vacancy. A successor Trustee shall not be required if the Trustee shall sell or assign substantially all of the bond administration portion of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Trustee is required by operation of law, provided that such vendee, assignee or transferee is (i) a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000) approved by the Board. The Board shall mail notice of any such appointment made by it, postage prepaid, to all Owners and each Credit Enhancer.

(b) At any time within one (1) year after any such vacancy shall have occurred, the Owners of not less than twenty-five percent (25%) in principal amount of Certificates then Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners and filed with the Board, may nominate a successor Trustee, which the Board shall appoint and which shall supersede any Trustee theretofore appointed by the Board. Photostatic copies, duly certified by the Superintendent of the Board as having been received by the Board, of each such instrument shall be delivered promptly by the Board to the predecessor Trustee and to the Trustee so appointed by the Owners.

(c) If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, any Owner hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

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#### SECTION 9.08. TRUSTEE MAY PAY TAXES AND ASSESSMENTS.

In case the Corporation or the Board shall fail to pay or cause to be paid any tax, assessment or governmental or other charge payable on the part of the Board or the Corporation relating to the Lease Agreement, the Ground Leases, the Assignment Agreements or any Assignment of Ground Lease to the extent, if any, that the Board or the Corporation may be deemed by the Trustee liable for same, the Trustee, subject to Section 9.01(e) hereof, may pay such tax, assessment or governmental charge, without prejudice, however, to any rights the Trustee or the Owners hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Trustee by the Board from Available Revenues, but the Trustee shall be under no obligation to make any such payment from sources provided in the Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

#### SECTION 9.09. CERTAIN RIGHTS OF THE TRUSTEE.

Subject to the provisions of Section 9.01 hereof, the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

#### SECTION 9.10. RESIGNATION AND REMOVAL OF TRUSTEE SUBJECT TO APPOINTMENT OF SUCCESSOR.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.14.

#### SECTION 9.11. RESIGNATION OF TRUSTEE.

Subject to the provisions of Section 9.10, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Board, each Credit Enhancer and the Corporation, and mailed, postage prepaid, at the Trustee's expense, to each Owner, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof. No resignation shall take effect until a successor Trustee has been appointed pursuant to the terms hereof.

#### SECTION 9.12. REMOVAL OF TRUSTEE.

(a) The Trustee may be removed at any time by the Board (provided an Event of Non-Appropriation or Event of Default described in Section 8.01(e) hereof has not occurred or is not reasonably anticipated to occur, or, if an Event of Non-Appropriation or Event of Default has occurred has been cured), but only with the written consent of the Credit Enhancers or by an instrument or concurrent instruments in writing, executed by the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding and filed with the Board and approved in writing by each Credit Enhancer, not less than sixty (60) days before

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(d) The original and any successor Trustee hereafter appointed shall be (i) a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having a combined capital, surplus and undivided profits aggregating not less than Seventy-Five Million Dollars (\$75,000,000) approved by the Board.

#### SECTION 9.14. VESTING OF DUTIES IN SUCCESSOR TRUSTEE.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Board and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 9.05 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Board be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trust hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered.

#### SECTION 9.15. FEES FOR TRUST SERVICES.

Fees to be due and payable to the Trustee for services rendered under this Agreement shall be in accordance with Schedule X, attached to and a part hereof. In addition, the Trustee shall be entitled to payment of all reasonable expenses incurred in connection herewith, including any fees and expenses of Counsel to the Trustee.

#### SECTION 9.16. RIGHT OF INSPECTION.

The Trustee and its duly authorized agents, attorneys, and experts shall have the right to fully inspect all books, papers and records of the Board and the Corporation relating to the Project as well as the Project itself, and to take such memoranda from and in regard thereto as may be desired.

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## ARTICLE X

### EXECUTION OF INSTRUMENTS BY OWNERS, PROOF OF OWNERSHIP OF CERTIFICATES, AND DETERMINATION OF CONCURRENCE OF OWNERS

#### SECTION 10.01. EXECUTION OF INSTRUMENTS BY OWNERS.

(i) Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Owner may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee, the Board and the Corporation with regard to any action taken by either under such instrument if made in the following manner:

(i) The fact and date of the execution by any Person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a Person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(ii) The ownership of Certificates shall be proved by the registration books kept under the provisions of this Trust Agreement.

(b) Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Owner shall bind every future Owner of the same Certificate in respect of anything done by the Trustee in pursuance of such request or consent.

(c) Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any Person as an Owner or to take any action at his request unless such Certificates shall be deposited with it.

#### SECTION 10.02. PRESERVATION OF INFORMATION; COMMUNICATIONS TO OWNERS.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Owners received by the Trustee.

(b) If an Owner [hereinafter referred to as "applicant"] applies in writing to the Trustee and furnishes reasonable proof that such applicant has owned a Certificate for a period of at least six (6) months preceding the date of such application, and such application states that the applicant desires to communicate

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with other Owners with respect to their rights under this Trust Agreement or under the Certificates, and such application is accompanied by a copy of the communication which such applicant wishes to transmit to other Owners, then the Trustee shall, within five (5) Business Days after receipt of such communication, transmit such communication to the Owners of Certificates, at their addresses as they appear on the Certificate Register as of fifteen (15) days before the mailing date, by first class mail, postage prepaid and, promptly after such mailing, shall furnish to the applicant an affidavit to the effect that such communication was so mailed. Postdate and other expenses of such mailing shall be paid by the applicant and the Trustee may estimate the amount of such expenses and require payment by the applicant of such estimated amount as a condition precedent to the mailing of such communication. Under no circumstances shall the Trustee be obligated to furnish to the applicant the names or addresses of the Certificate Owners.

(c) Every Owner, by receiving and holding one or more Certificates, agrees with the Corporation, the Board and the Trustee that neither the Corporation, the Board nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Owners in accordance with paragraph (b) of this Section 10.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection.

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## ARTICLE XI

### SUPPLEMENTAL TRUST AGREEMENTS

#### SECTION 11.01. SUPPLEMENTAL TRUST AGREEMENTS WITHOUT CONSENT OF OWNERS AND CREDIT ENHANCERS.

The Corporation, the Board and the Trustee, from time to time and at any time, may (but as to items (j) and (l) only with the consent of the Credit Enhancers), enter into Supplemental Trust Agreements, without the consent of the Owners of the Certificates or any Credit Enhancers, for the following purposes:

(a) To cure any ambiguity or formal defect or omission, to correct or supplement any provisions herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Trust Agreement, or

(b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, including provisions relating to a mortgage and security interest on a Project pursuant to Section 7.07 hereof, or

(c) To add to the provisions of this Trust Agreement other conditions, limitations and restrictiveness thereafter to be observed, or

(d) To add to the covenants and agreements of the Corporation or the Board in this Trust Agreement other covenants and agreements thereafter to be observed by the Corporation or the Board or to surrender any right or power therein reserved to or conferred upon the Corporation or the Board, or

(e) To permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Corporation and the Board so determine, to add to this Trust Agreement or any Supplemental Trust Agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or

(f) To provide for the issuance of Certificates in bearer form, or

(g) To provide for the issuance of Certificates under a book-entry system, or

(h) To provide for the issuance of Certificates, including Completion Certificates and Refunding Certificates, or

(i) To provide, in regard to a Series of Certificates, for the addition, modification or deletion of any of the provisions in Section 6.03 relating to

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conditions which shall be necessary in order to draw money from a subaccount of the Project Account, or

(j) To modify the covenants and agreements contained herein as may be necessary to secure or retain a rating on the Certificates by S&P or Moody's, or

(k) To make any amendments hereto which may be necessary to maintain the tax-exempt status, if any, on the Certificates, or

(l) To make any other modifications hereto which in the opinion of Special Counsel, shall not materially adversely affect the Owners.

#### SECTION 11.02. MODIFICATION OF TRUST AGREEMENT WITH CONSENT OF OWNERS AND CREDIT ENHANCERS.

(a) Subject to the terms and provisions contained in this Section, and not otherwise, the Owners or not less than a majority of the aggregate principal amount of Certificates then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding to consent to and approve the execution by the Corporation, the Board and the Trustee of such Supplemental Trust Agreement or Supplemental Trust Agreements as shall be deemed necessary or desirable by the Corporation and the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Certificates issued hereunder, or (ii) a reduction in the principal amount of any Certificates or the prepayment premium or the rate of interest thereon, or (iii) a preference or priority of any Certificate over any other Certificate, except as provided herein, or (iv) a reduction in the aggregate principal amount of Certificates required for consent to such Supplemental Trust Agreement. For purposes of making amendments made pursuant to this Section 11.02, Owners of Certificates which will no longer be Outstanding at the time the Supplemental Trust Agreement takes effect or which are not adversely affected by such Supplemental Trust Agreement shall not have any rights of consent hereunder. Each Supplemental Trust Agreement entered into pursuant to this Section must be consented to by each Credit Enhancer which is affected thereby. Nothing contained in this Section 11.02, however, shall be construed as making necessary the approval by the Owners of the adoption and acceptance of any Supplemental Trust Agreement as authorized in Sections 11.01 and 11.03 hereof.

(b) If at any time the Corporation and the Board shall request the Trustee to enter into any Supplemental Trust Agreement for any of the purposes of this Section, the Trustee shall, at the expense of the Board, cause notice of the proposed execution of such Supplemental Trust Agreement to be mailed, postage prepaid, to all affected Owners, to each Credit Enhancer and to each rating agency which shall rate the Certificates. Such notice shall briefly set forth the nature of the proposed Supplemental Trust Agreement and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of

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such Supplemental Trust Agreement when approved and consented to as provided in this Section.

(c) Whenever, at any time within three years after the date of the mailing of such notice, the Corporation or the Board shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority of the aggregate principal amount of Certificates then Outstanding as required hereunder and each adversely affected Credit Enhancer, which instrument or instruments shall refer to the proposed Supplemental Trust Agreement described in such notice and shall, specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may execute such Supplemental Trust Agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

(d) If the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding as required hereunder and each adversely affected Credit Enhancer at the time of the execution of such Supplemental Trust Agreement shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to the adoption of such Supplemental Trust Agreement, or to object to any of the terms and provisions contained herein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Corporation, the Board and the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Trust Agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Corporation, the Board and the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Trust Agreement as so modified and amended.

#### **SECTION 11.03. MODIFICATION OF TRUST AGREEMENT WITH CONSENT OF CREDIT ENHANCERS ONLY.**

If all payments of principal and interest when due on each Series of Certificates adversely affected by an amendment or amendments in a Supplemental Trust Agreement is insured or guaranteed in full by Credit Enhancers, and such Credit Enhancers shall not be in default of obligations under their municipal bond insurance policy or Credit Facility, as the case may be, the Board, the Trustee and the Corporation may enter into one or more Supplemental Trust Agreements which amended all or any part of Articles I, II, III, IV, V, VI, VII, VIII, IX, X or XIII thereof with the written consent of such Credit Enhancers. The consent of the Owners shall not be necessary. Notice of all amendments shall be delivered to S&P and any other rating service from which the Board has secured a rating on any Series of Certificates. The foregoing right of amendment does not apply to any amendments to Section 7.05 hereof nor may such amendment permit modifications prohibited in Section 11.02(a) hereof. Upon filing with the parties hereto of the consent of the Credit Enhancers as aforesaid, a Supplemental Trust Agreement may be entered into. Subsequent to

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## **ARTICLE XII DEFEASANCE**

#### **SECTION 12.01. DEFEASANCE.**

(a) If the principal, Prepayment Premium, if any, and interest due or to become due on the Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, including any amounts owing to any Credit Enhancer or in respect of a financial instrument securing drawings from a sub-account, if any, of a Reserve Account, then these presents and the Trust Estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of this Trust Agreement and execute and deliver to the Corporation and the Board such instruments in writing as shall be requisite to cancel and discharge the lien hereof and all surplus in, and balances remaining in, all funds accounts, other than moneys held for the prepayment or payment of Certificates and money held for the United States Treasury in the Rebate Fund, shall be delivered to the Board.

(b) If the principal, Prepayment Premium, if any, and interest due or to become due on a Series of Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, then the balance in the Pledged Accounts relating to such Series shall be delivered to the Board.

(c) Any Certificates shall be deemed to be paid within the meaning of this Article when payment of the principal of and Prepayment Premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon prepayment as provided in this Trust Agreement, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment and/or (B) Refunding Securities verified by a firm of independent certified public accountant as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees and expense of the Trustee pertaining to the Certificates with respect to which such deposit is made. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or Prepayment Price, if applicable, or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Prepayment Price, if applicable, of the Certificates for the payment or prepayment of which they were deposited and the interest accruing thereon to the date of maturity or Prepayment; provided, however, new Refunding Securities and moneys may be substituted, but only with the prior

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execution of such Supplemental Trust Agreement notice thereof shall be mailed to the Owners in the same manner as notice of amendment under Section 11.02 hereof.

#### **SECTION 11.04. RESPONSIBILITIES OF TRUSTEE, BOARD AND CORPORATION UNDER THIS ARTICLE.**

The Trustee, the Board and the Corporation shall be entitled to exercise their discretion in determining whether or not any proposed Supplemental Trust Agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Corporation and the Board, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee, and the Trustee shall not be under any responsibility or liability to the Corporation, the Board or to any Owner or to anyone whatsoever for its refusal in good faith to execute any such Supplemental Trust Agreement if such trust agreement is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approve by it, who may be counsel for the Corporation or the Board or Special Counsel, as conclusive evidence that any such proposed Supplemental Trust Agreement does or does not comply with the provisions of this Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to accept such Supplemental Trust Agreement.

#### **SECTION 11.05. CONSENT OF BOARD NOT REQUIRED.**

Anything herein to the contrary notwithstanding, no such Supplemental Trust Agreement need be consented to or executed by the Board if the Board is in default under the Lease Agreement or an Event of Non-Appropriation has occurred.

#### **SECTION 11.06 TRANSCRIPT TO CREDIT ENHANCERS.**

Each Credit Enhancer shall be furnished a full transcript of all proceedings relating to the execution of any Supplemental Trust Agreement.

#### **SECTION 11.07 NOTICE TO RATING AGENCIES.**

The Trustee shall furnish notice of any proposed amendment or supplement to their Agreement to each rating agency furnishing a rating not less than 15 days in advance of its execution or adoption.

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written consent of the Credit Enhancer, if any, for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal or Prepayment Price, if applicable, and interest on the refunded Certificates. At such time as a Certificate shall be deemed to be paid hereunder as aforesaid such Certificate shall no longer be deemed to be Outstanding hereunder and shall no longer be secured by or entitled to the benefits of this Trust Agreement, except for the purposes of any such payment from such moneys or Refunding Securities. Notwithstanding the foregoing, the provisions of this Trust Agreement relating to the maturity of the Certificates, interest payments and interest Payment Dates, prepayment provisions, exchange, transfer and registration of Certificates, replacement of mutilated, destroyed, lost or stolen Certificates, the safekeeping and cancellation of Certificates, non-presentment of Certificates, the holding of moneys in trust, and the duties of the Trustee in connection with all of the foregoing, remain in effect notwithstanding the release and discharge of the lien of the Trust Agreement. Prepayments received pursuant to Section 4.06(c) of the Lease Agreement shall be applied in accordance with Section 4.06 of the Lease Agreement and shall be held for the benefit of the Certificates described in the notice given by the Board pursuant to such Section.

(d) If Certificates for which Refunding Securities have been set aside are to be called for prepayment, instructions to call the Certificates for prepayment shall be given by the Board to the Trustee; provided, however, that nothing herein shall abridge the discretion of, or be deemed to require, the Corporation or the Board to exercise the option to call any of the Certificates for prepayment prior to their stated dates of maturity.

(e) The Trustee, within thirty (30) days after any Refunding Securities shall have been deposited with it, shall cause a notice, signed by the Trustee, to be mailed, postage prepaid, to all Owners for which Refunding Securities have been set aside, setting forth (i) the date or dates, if any, designated for the prepayment of the Certificates, subject to the right of the Corporation and the Board to provide substitute Refunding Securities requiring prepayment on other dates to be designated therefor; (ii) a description of the Refunding Securities then held by it, and (iii) that such Certificates have been defeased as provided in this Trust Agreement.

(f) For purposes of determining whether Variable Rate Certificates shall be deemed to have been paid prior to the maturity or the prepayment date thereof, as the case may be, by the deposit or moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section, the interest to come due on such Variable Rate Certificates on or prior to the maturity or prepayment date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Certificates having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such Variable Rate Certificates is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Certificates in order to satisfy this Section, such excess shall be paid to the Board free and clear of any trust, lien, pledge or assignment securing the Certificates or otherwise existing under this Trust Agreement.

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(g) To accomplish defeasance the Board shall cause to be delivered (i) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Credit Enhancer) and (ii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer "Outstanding" under the Trust Agreement; each verification and defeasance opinion shall be acceptable in form and substance and addressed to the Issuer, the Trustee and the Credit Enhancer. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Credit Enhancer and shall be accompanied by such opinions of counsel as may be required by the Credit Enhancer. The Credit Enhancer shall be provided with final drafts of the above-referenced documentation not less than five (5) business days prior to the funding of the escrow.

(h) Notwithstanding anything to the contrary set forth in this Article XII, the obligations of the Board under Section 6.03 of the Lease Agreement with respect to any Certificates (other than Taxable Certificates) defeased pursuant to this Article XII shall survive any such defeasance.

## ARTICLE XIII

### MISCELLANEOUS PROVISIONS

#### SECTION 13.01. EFFECT OF DISSOLUTION OF CORPORATION.

In the event the Corporation for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors of the Corporation from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Corporation" as used in this Trust Agreement shall include such successor or successors. Except as to transfers by operation of law, the successor or successors shall be approved in writing by the Credit Enhancers.

#### SECTION 13.02. NOTICES.

(a) All written notices, certificates, reports or statements to be given under this Trust Agreement shall be given by first class mail or personal delivery to the party entitled thereto, with a copy to each of the other parties to this Trust Agreement, to its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery, to the address set forth below.

If to the Board: School Board of Walton County, Florida  
145 Park Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: Superintendent

If to the Corporation: Walton County Public Education Finance Authority, Inc.,  
145 Park Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: President

With a copy to:  
Walton County School District  
145 Park Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: Superintendent

If to the Trustee: First Union National Bank  
225 Water Street, Third Floor  
Jacksonville, Florida 32202  
Attention: Corporate Trust Department

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If to the Credit Enhancer for a Series of Certificates, to the address provided in the Supplemental Agreement for such series.

(b) Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

(d) All documents received by the Trustee under the provisions of this Trust Agreement, or photostatic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of Section 12.01 of this Trust Agreement, subject at all reasonable times to the inspection of the Corporation, the Board and any Owner and the agents and representatives thereof.

#### SECTION 13.03. CAPITAL APPRECIATION CERTIFICATES.

For the purposes of (A) receiving payment of the Prepayment Price if a Capital Appreciation Certificate is prepaid prior to maturity, or (B) receiving payment of a Capital Appreciation Certificate if the principal of all Certificates becomes due and payable under the provisions of this Trust Agreement, or (C) computing the amount of Certificates held by the Owner of a Capital Appreciation Certificate in giving to the Trustee any notice, consent, request or demand pursuant to this Trust Agreement for any purpose whatsoever, the principal amount of a Capital Appreciation Certificate shall be deemed to be its Accreted Value.

#### SECTION 13.04. SUBSTITUTE MAILING.

If, because of the temporary or permanent suspension of postal service, the Corporation, the Board or the Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the Corporation, the Board or the Trustee shall give notice in such other manner as in the judgment of the Corporation, the Board or the Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

#### SECTION 13.05. PARTIES AND OWNERS ALONE HAVE RIGHTS UNDER TRUST AGREEMENT.

Except as herein otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any Person, other than the Trustee, the Corporation, the Board, the Credit Enhancers and the Owners, any rights, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Trustee, the Corporation, the Board, the Credit Enhancers and the Owners.

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#### SECTION 13.06. EFFECT OF PARTIAL INVALIDITY.

In case any one or more of the provisions of this Trust Agreement or the Certificates shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement or the Certificates, but this Trust Agreement and the Certificates shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Certificates or this Trust Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Board or the Corporation to the full extent permitted by law.

#### SECTION 13.07. NO RECOURSE AGAINST MEMBERS, OFFICERS OR EMPLOYEES OF CORPORATION OR THE BOARD OR THE TRUSTEE.

No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Trust Agreement, or in any Certificate hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Corporation, the Board or the Trustee or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer, agent or employee, as such, of the Corporation, the Board or the Trustee, either directly or through the Corporation, the Board or the Trustee, respectively, or otherwise, for the payment for or to, the Corporation, the Board or the Trustee otherwise, or any sum that may be due and unpaid upon any such Certificate. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Corporation, the Board or the Trustee or any receiver of either of them, or for, or to, any Owner or otherwise, of any sum that may remain due and unpaid upon the Certificates hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Trust Agreement and the issuance of the Certificates.

All obligations by the Board for any indemnity or assumption of liability of any actions or claims shall be limited (including, without limitation, the indemnification required by Section 6.03(b)) to the extent, if any, permitted by law, and subject to the monetary limitations set forth in Section 768.28, Florida Statutes.

#### SECTION 13.08. EXPENSES PAYABLE UNDER TRUST AGREEMENT.

All reasonable expenses incurred in carrying out this Trust Agreement, except those expenses incurred by the Trustee in mailing resignation notices, shall be payable solely from funds derived from the Board as Supplemental Rent.

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**SECTION 13.09. DEALING IN CERTIFICATES.**

The Trustee, its directors, officers, employees or agents, and any officer, employee or agent of the Corporation or the Board, may in good faith, buy, sell, own, hold and deal in any Certificates issued under the provisions of this Trust Agreement and may join in any action which any Owner may be entitled to take with like effects as if such Trustee were not a Trustee under this Trust Agreement or as if such officer, employee or agent of the Corporation or the Board did not serve in such capacity.

**SECTION 13.10. MULTIPLE COUNTERPARTS.**

This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

**SECTION 13.11. HEADINGS.**

Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

**SECTION 13.12. LAWS.**

This Trust Agreement shall be construed and governed in accordance with the laws of the State.

**SECTION 13.13. NONRECOURSE OBLIGATION OF CORPORATION.**

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating hereto or any of the transactions contemplated hereby, the obligations, liabilities and responsibilities of the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed by the Corporation shall be payable solely out of the proceeds derived by the Corporation from the Projects (excluding any indemnities, reimbursements, service fees or other Lease Payments, Additional Lease Payments or Supplemental Payment) and the Corporation shall have no other or further liability hereunder or arising here from.

**SECTION 13.14. DATED DATE.**

This Trust Agreement is dated as of the date set forth above for convenience of reference only. The actual date of execution by each party hereof is set forth below the respective signatures for each party below.

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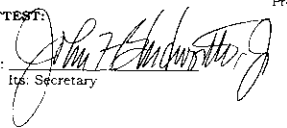
**IN WITNESS WHEREOF**, the parties have executed this Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

**WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.,**  
as Lessor

(SEAL)

By:   
President


ATTEST:

By:   
Its: Secretary


The Walton County School Board hereby acknowledges and approves foregoing Trust Agreement and the terms and provisions thereof and consents and agrees to the execution thereof by the Walton County Public Education Finance Authority.

**SCHOOL BOARD OF  
WALTON COUNTY, FLORIDA,**  
as Lessee

(SEAL)

By:   
Its: Chairman

ATTEST:

By:   
Its: Superintendent

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## SCHEDULE X

The following are fees to be charged for services rendered under the Trust Agreement, dated June 1, 1999, and the Series 1999 Supplemental Trust Agreement, dated June 1, 1999.

Acceptance Fee: \$ —0—  
Annual Administrative Fee: \$ —0—

Services to be provided in consideration of the Annual Administrative Fee shall include, but not be limited to, all trust services normally provided under similar trust transactions and as specifically outlined in the Trust Agreement and the 1999 Supplemental Trust Agreement as well as all paying agent and registrar services.

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"Authorized Officer" when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for purpose of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term "Authorized Officer" when used with respect to the Board, means the Chairman, the Superintendent or his designee or any other officer or employee of the Board designated by the Board as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board and filed with the Trustee.

"Available Revenues" means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. "Available Revenues" shall include, but not be limited to, PECO Funds, FEPP and the Capital Outlay Millage which at the time of application thereof may legally be used to pay Basic Rent or Supplemental Rent or the principal or interest component of the Certificates of Participation.

"Basic Rent" or "Basic Rent Payment" means the Basic Rent payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement.

"Basic Rent Payment Date" means the dates on which Basic Rent become due as described in the Lease Schedules. Such Basic Rent Payment Dates shall occur on each January 1 and July 1 unless a Lease Schedule states otherwise; provided, payments of Basic Rent shall be made at the time indicated in Section 4.03 of the Lease Agreement.

"Board" means the School Board of Walton County, Florida, and any successor thereto.

"Budget" means the annual budget of revenues and expenses and capital expenditures required to be adopted by the Board for each Fiscal Year pursuant to the laws of the State. "Budget" shall include both the Board's tentative Budget and its final Budget.

"Buildings" means, in regard to a Project, the structures to be financed or refinanced from a disbursement from the Project Account and leased to the Board as part of a Project pursuant to the terms of the Lease Agreement and Trust Agreement and which is more particularly described in the Lease Schedule relating to such Project, as the same may be modified or changed from time to time in accordance with the terms of the Lease Agreement and Trust Agreement.

"Business Day" means any day other than a Saturday or Sunday or a day on which the Trustee or banks located in the States of New York or Florida are authorized by law to be closed.

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## EXHIBIT A DEFINITIONS

"1999 Project" shall mean the lease-purchase of certain educational facilities described in the 1991-1 Lease Schedule, dated as of June 1, 1999, by and between the Board and the Corporation.

"Accreted Value" of a Capital Appreciation Certificate means the original principal amount thereof plus interest accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Payment Date commencing on the Payment Date next succeeding the dated date of such Capital Appreciation Certificates to the date of maturity or prepayment prior to maturity of such Capital Appreciation Certificates on the date of determination. The Accreted Value with respect to any date other than a Payment Date is the Accreted Value on the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates plus the percentage of the difference between the Accreted Value as of the next preceding Payment Date and the Accreted Value on the next succeeding Payment Date derived by dividing the number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the date of determination by the total number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the next succeeding Payment Date.

"Act" means Chapters 230, 235 and 236, Florida Statutes, and other applicable provisions of law.

"Amortization installment" means an annual amount designated as such by the Trust Agreement, such amount to be included in the Basic Rent Payments and to be deposited by the Trustee to the credit of the Principal Account for the purpose of paying Term Certificates.

"Architect" means with respect to a Project involving the construction of a Building, the architect or firm of architects appointed to perform the duties of the Architect in accordance with Section 5.01 of the Lease Agreement. The Architect may be an employee of the Board, the Developer or the Contractor.

"Assignment Agreement" means with respect to the 1999 Project, the Assignment Agreement, dated as of June 1, 1999, among the Corporation, the Trustee, the Board and others, as now or hereafter amended and any subsequent Assignment Agreement with respect to other Lease Schedules.

"Assignment of Ground Lease" means, with respect to the 1999 Project, the Assignment Agreement and with respect to other Lease Schedules, the related Assignment of Ground Lease, if any.

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"Capital Appreciation Certificates" means the Certificates so designated by the Trust Agreement, which may be either Serial Certificates or Term Certificates and which shall bear interest payable at maturity or prepayment.

"Capital Funds" means the Capital Outlay Millage and any other revenues or funds of the Board which the Credit Enhancers shall agree in writing may be used to make Lease Payments.

"Capital Outlay Millage" means the revenues received by the Board from the levy of an ad valorem tax against non-exempt assessable property within the District and available to make Lease Payments pursuant to applicable law.

"Capitalized Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Certificate" or "Certificates" means the certificates of participation prepared and delivered by the Trustee pursuant to the Trust Agreement.

"Certificate Documents" as to a Series of Certificates, means the Trust Agreement and applicable Supplemental Trust Agreement, the Lease Agreement, the applicable Lease Schedule, the applicable Ground Lease and the applicable Assignment Agreement.

"Certificate Register" means the books of the Trustee for registration of the ownership of the Certificates pursuant to Section 4.06 of the Trust Agreement.

"Closure Date" means, in regard to a Project, the date provided in the Lease Schedule relating thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rules applicable thereto.

"Commencement Date" means, with respect to a Project, the date set forth in the Lease Schedule relating thereto.

"Completion Certificates" means Certificates issued for purposes of completing a Project pursuant to Section 4.12 of the Trust Agreement.

"Completion Date" shall have, in regard to a Project, the meaning ascribed thereto in Section 6.03(g) of the Trust Agreement.

"Construction Contract" means a contract entered into between the Board on behalf of the Corporation and the Contractor or Developer providing for the terms upon which the Contractor or Developer shall construct and install a Project, or portion thereof.

"Contractor" means, with respect to a Project, the Person or Persons appointed by the Board on behalf of the Corporation to act in such capacity.

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"Corporation" means the Walton County Public Education Finance Authority, Inc., a not-for-profit corporation organized and existing under the laws of the State, and any successor thereto.

"Costs of Issuance" means, in regard to a Series of Certificates and Lease Schedule related thereto, all costs and expenses related to the execution, sale and delivery of such Series of Certificates and execution and delivery of such Lease Schedule, including, but not limited to, costs paid or incurred by the Board, the Corporation or the Trustee for filing costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges and reimbursements, financial and other professional consultant fees and charges and reimbursements, auditors fees and charges and reimbursements, costs of rating agencies or credit ratings, fees for execution, registration, transportation and safekeeping of the Certificates, credit enhancement premiums and charges and fees in connection with the foregoing.

"Costs of Issuance Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Credit Bank" shall mean as to any particular Series of Certificates, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Lease Schedule relating to such Certificates.

"Credit Enhancer" means, with regard to a Series of Certificates, any Insurer or Credit Bank that provides a municipal bond insurance policy or Credit Facility, respectively, with regard to such Series of Certificates.

"Credit Facility" shall mean as to any particular Series of Certificates, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than a municipal bond insurance policy issued by an Insurer), as designated in the Lease Schedule relating to such Certificates.

"Current Interest Certificates" means Certificates so designated by the Trust Agreement and on which the interest on which is payable to the Owner thereof on the Payment Dates with respect thereto.

"Department" or "DOE" means the Department of Education of the State of Florida.

"Designated Equipment" means Equipment for which title is required by the Department to be in the name of the Board upon acquisition thereof and which is described as such in the Lease Schedule relating thereto. All Designated Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Designated Office" means the corporate trust office of the Trustee so designated which is currently in Jacksonville, Florida, or the designated corporate trust office of any successor Trustee.

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"Group" means, in regard to a Project, the group or groups of leased property which shall constitute a portion of such Project as described in the Lease Schedule related thereto.

"Initial Lease Term" means, in regard to a Project, the initial term of the lease of such Project from the Corporation to the Board pursuant to the terms of the Lease Agreement, which Initial Lease Term shall commence on the Commencement Date and shall end on the next succeeding June 30.

"Initial Lease Termination Date" means, in regard to a Project, the last day of the Initial Lease Term.

"Insurance Consultant" means a recognized, independent insurance consultant or broker selected by the Board, that has actuarial personnel experienced in the area of insurance for which the Board is to be self insured or a risk manager employed by the Board as the administrator of a self-insurance plan permitted by law.

"Insurer" means such Person which shall be in the business of insuring or guaranteeing the payment of the principal of and interest on municipal securities.

"Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Interest Component" means the portion of each Basic Rent Payment constituting interest as set forth in the Lease Schedules.

"Land" means, in regard to a Project (1) the real property to be financed or refinanced by a disbursement from the Project Account, which shall be selected by the Board in the manner required by law, and (2) the leasehold interest of the Corporation in the Premises, if any, acquired pursuant to a Ground Lease, which, in either case, shall be leased to the Board as part of such Project pursuant to the terms of the Lease Agreement and which is more particularly described in the Lease Schedule relating thereto, to the extent identified and acquired by the Corporation on the Commencement Date.

"Late Payment Rate" means the interest rate per annum set forth in the applicable Lease Schedule.

"Lease Agreement" means the Master Lease-Purchase Agreement, dated as of June 1, 1999, by and between the Corporation, as lessor, and the Board, as lessee, including all Lease Schedules, as now or hereafter amended, modified or supplemented.

"Leasehold Estate" shall mean any leasehold interest created and granted under the related Ground Lease.

"Lease Payment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

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"Developer" means, with respect to a Project, the Person or Persons which shall enter into a Construction Contract with the Board to construct such Project, or portion thereof, on a "turnkey" basis.

"District" means the Walton County School District, and any successor thereto.

"Engineer" means, with respect to a Project involving the construction of a Building, the professional engineer or firm of engineers appointed to perform the duties of the Engineer in accordance with Section 5.01 of the Lease Agreement. The Engineer may be an employee of the Board, the Contractor or the Developer.

"Equipment" means, in regard to a Project, the items of personal property to be financed or refinanced by disbursements from the Project Account and leased to the Board pursuant to the terms and provisions of the Lease Agreement and which are more particularly described in the Lease Schedule relating to such Project, or any substitutions therefor or additions thereto made in accordance with the provisions of the Lease Agreement. "Equipment" shall include Designated Equipment. All Equipment must be consented to by the Department or otherwise permitted by applicable law.

"Estimated Completion Date" means, with respect to a Project, the date provided in the Lease Schedule related thereto.

"Event of Default" or "Default" when referenced to the Lease Agreement, means an event of default or default under the Lease Agreement as set forth in Section 7.02 of the Lease Agreement, and, when referenced to the Trust Agreement, shall mean an event of default or default as set forth in Section 8.01 of the Trust Agreement.

"Event of Non-Appropriation" shall have the meaning ascribed thereto in Section 7.01 of the Lease Agreement.

"Extraordinary Prepayment" means the extraordinary prepayment by the Board of all or a portion of the Lease Payments pursuant to Section 3.07 and 5.06 of the Lease Agreement.

"FEFP Funds" means moneys received by the Board from the Florida Education Finance Program pursuant to the Act, to the extent the Department permits such moneys to be used to make Lease Payments.

"Fiscal Year" means the period commencing on July 1 of each year and continuing through the next succeeding June 30, or such other period as may be prescribed by law.

"Ground Lease" means, in regard to a Project, a ground lease of the Premises relating thereto from the Board to the Corporation, as the same may be amended from time to time.

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"Lease Payments" means, collectively, the Basic Rent, the Supplemental Rent and all other amounts owing under the Lease Agreement which are payable by the Board for the lease of the Projects and the Premises, pursuant to the Lease Agreement.

"Lease Schedule" means the Lease Schedule, the form of which is attached to the Lease Agreement as Exhibit C, which shall authorize the lease of a Project to the Board in accordance with the terms of the Lease Agreement.

"Lease Term" means, in regard to a Project, the term of the lease of such Project, pursuant to the provisions of the Lease Agreement and Lease Schedule relating thereto, which Lease Term shall commence on the first day of the Initial Lease Term and shall be equal to Maximum Lease Term of such Project unless the Lease Agreement is earlier terminated in accordance therewith in which case the Lease Term shall end on such date of termination.

"Letter of Instructions" means the Letter of Instructions attached to each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates as required by Section 6.12 of the Trust Agreement.

"Mandatory Prepayment" means the mandatory prepayment by the Board of all or a portion of the Lease Payments pursuant to Section 3.07 and 5.08 of the Lease Agreement.

"Mandatory Prepayment Date" means, in regard to a Series of Certificates, the date on which such Certificates shall be prepaid pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

"Maximum Cost" means, in regard to a Project, the maximum cost of such Project which shall be stated in the Lease Schedule relating thereto.

"Maximum Interest Rate" means, with respect to any particular Series of Variable Rate Certificates, a numerical rate of interest, which shall be set forth in the Supplemental Trust Agreement authorizing the issuance of such Certificates, that shall be the maximum rate of interest such Certificates may at any time bear.

"Maximum Lease Term" means, in regard to a Project, the maximum term of the Lease of such Project as provided in the Lease Schedule relating thereto.

"Moody's" or "Moody's Investors Service" means Moody's Investors Service, or any successor thereto.

"Net Proceeds" means when used with respect to any insurance or condemnation award, means the amount of gross proceeds from such insurance or condemnation award remaining after payment of all reasonable expenses incurred in the collection of such gross proceeds.

"Optional Prepayment Date" means the date on which the moneys deposited by the Board pursuant to the exercise of a prepayment option under Section 4.06 of the Lease Agreement shall be applied to the prepayment of a Series of Certificates in

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accordance with the Lease Schedule and Supplemental Trust Agreement relating thereto.

"Outstanding" when used with reference to Certificates means, as of a particular date, all Certificates theretofore issued under the Trust Agreement, except:

(1) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Certificates which have been paid or provision for payment has been made in accordance with Section 12.01 of the Trust Agreement; and

(3) Certificates in exchange for or in lieu of which other Certificates have been issued.

"Overdue Rate" or "Default Rate" means, unless otherwise defined in the Supplemental Trust Agreement relating to a particular Series of Certificates, means a rate of interest equal to the highest rate of interest which any of the Outstanding Certificates shall bear.

"Owner" or "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates means any Person who shall be the registered owner of any Outstanding Certificate.

"Payment Dates" except as otherwise provided in a Supplemental Trust Agreement means, with respect to the interest due on the Current Interest Certificates (other than Variable Rate Certificates), January 1 and July 1 of each year and, with respect to the principal of the Current Interest Certificates, July 1 in each of year except as otherwise set forth in the Supplemental Trust Agreements relating to such Series of Certificates. With respect to Capital Appreciation Certificates, except as otherwise provided in a Supplemental Trust Agreement, the Payment Date shall be July 1 in the years of maturity set forth in the Supplemental Trust Agreements relating to such Series of Certificates. The Payment Dates for Variable Rate Certificates shall be established in the Supplemental Trust Agreement authorizing the issuance of such Certificates.

"PECO Funds" means moneys received by the Board from the Public Education Capital Outlay and Debt Service Trust Fund which are permitted by the Act to be used for payment of the capital portion of Lease Payments.

"Permitted Encumbrances" means, in regard to a Project:

(1) the Lease Agreement and any liens and encumbrances created or permitted thereby;

(2) the Assignment Agreement and any liens and encumbrances created or permitted thereby;

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"Premises" means, in regard to a Project, the parcels of real property and existing improvements thereon leased by the Board to the Corporation pursuant to a Ground Lease, which real property and existing improvements thereon shall be described in an exhibit to the Ground Lease.

"Prepayment Amount" means, in regard to a Project, the amount set forth in the Lease Schedule relating thereto.

"Prepayment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Prepayment Premium" means the amount of prepayment premium, if any, due on any Optional Prepayment Date. The amount of such prepayment premium shall be calculated in accordance with the Trust Agreement.

"Prepayment Price" means, with respect to any Certificate or portion thereof, the principal amount or portion thereof, plus the applicable Prepayment Premium, if any, payable upon prepayment thereof pursuant to such Certificate or the Trust Agreement.

"Prerefunded Obligations" means pre-refunded municipal obligations rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investors Service meeting the following requirements:

(1) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the Trustee has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(2) the municipal obligations are secured by cash or United States Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(3) the principal of and interest on the United States Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(4) the cash or United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(5) no substitution of a United States Obligations shall be permitted except with another United States Obligation and upon delivery of a new Verification; and

(6) the cash or United States Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

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(3) the Trust Agreement and liens and encumbrances created or permitted thereby;

(4) any Ground Lease and Assignment of Ground Lease applicable thereto and any liens and encumbrances created or permitted thereby;

(5) subject to the provisions of Section 5.01(1) of the Lease Agreement, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;

(6) (a) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provisions of law; (b) any liens for taxes, assessments, levies, fees, water and sewer rents or charges and other government and similar charges, which are not due and payable or which are not delinquent or the amount or validity of which are being contested in good faith and execution thereon is stayed; (c) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances and irregularities in the title to any property which do not materially and adversely impair the use of such property for its intended purposes or materially and adversely affect the value thereof; and (d) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner;

(7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement;

(8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project; and

(9) any sublease or other lien or encumbrance approved in writing by the Credit Enhancers.

"Permitted Investments" shall have the meaning assigned thereto in the applicable Supplemental Trust Agreement.

"Person" means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or political subdivision.

"Plans and Specifications" means, in regard to a Project, the Board's plans and specifications for such Project, on file or to be on file with the Board, as the same may be amended from time to time in accordance with the Lease Agreement.

"Pledged Accounts" means, in regard to each Series of Certificates, the separate account, if any, established in the Prepayment Fund, and separate subaccounts, if any, established in the Project Account, Costs of Issuance Account, Capitalized Interest Account, the Reserve Account, the Principal Account and the Interest Account at the time such Series shall be issued.

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"Principal Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Principal Component" means the portion of each Basic Rent Payment constituting principal as set forth in the Lease Schedules.

"Principal and Interest Requirements" means the respective amounts which are required in each Fiscal Year to provide for:

(1) the interest payable on all Certificates then Outstanding, which is payable on each Interest Payment Date in such Fiscal Year,

(2) the principal on all Serial Certificates then Outstanding which is payable upon the maturity of the Serial Certificates in such Fiscal Year, and

(3) the Amortization Installment for all Term Certificates then Outstanding, which is payable for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, if interest on the Certificates is payable from the proceeds of such Certificates or from other amounts set aside irrevocably for such purpose at the time such Certificates are issued, interest on such Certificates shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from the amounts other than amounts so funded to pay such interest. For purposes of this definition, all amounts payable on a Capital Appreciation Certificate shall be considered a principal payment due in the year of its maturity or earlier mandatory prepayment.

"Project" shall mean the 1999 Project and any Land, Buildings, and/or Equipment financed with any subsequent series of Certificates, as described in subsequent Lease Schedules relating thereto, as the same may be amended or modified from time to time in accordance with the terms of the Lease Agreement.

"Project Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Projected Budget" means, in regard to a Project, the budget for expenditure of moneys in the subaccount in the Project Account established for such Project as set forth in the Lease Schedule relating thereto.

"Project Costs" or "Costs of the Project" means, in regard to a Project, all costs of payment of, or reimbursement for, acquisition, construction, installation and completion of such Project, including but not limited to, architectural and engineering costs and costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs and sales and use taxes, and in addition, Costs of Issuance to the extent that the amounts on deposit in the Costs of Issuance Account are insufficient to pay all Costs of Issuance in full. Project Costs shall specifically include any portion of the total costs of such Project or any portion thereof described in the Board's Tax Certification at the time of issuance of the applicable

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Series of Certificates or in an opinion of Special Counsel to the effect that such reimbursement will not adversely affect the tax exempt status of interest on the Certificates, which has been paid by the Board from funds other than proceeds of the Certificates prior to the Closing Date and for which the Board seeks reimbursement by filing a Requisition with the Trustee in the manner required by Section 6.03 of the Trust Agreement.

"Project Description" means, in regard to a Project, the description of such Project as set forth in the Lease Schedule relating thereto.

"Project Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Project Schedule" means, in regard to a Project, the timetable for disbursements from the subaccount of the Project Account established therefor for acquisition, construction, delivery and installation of the components of such Project as set forth in the Lease Schedule relating thereto.

"Purchasers" means the original purchasers of a Series of Certificates.

"Qualified Financial Institution" means (1) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; or (2) the Government National Mortgage Association or any successor thereto or the Federal National Mortgage Association or any successor thereto; provided that, for each such entity delineated in clauses (1) and (2), its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, have been assigned a credit rating by Moody's of "Aa" or better by S&P of "AA" or better.

"Real Estate Taxes" shall mean all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, or assessments against any of the personal property included in the Projects, all costs, expenses and Attorney's Fees incurred by the Corporation in contesting or negotiating with public authorities as to any of same and all sewer and other similar taxes and charges.

"Rebate Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Record Date" means the 15th day of the month preceding any Payment Date (whether or not a Business Day).

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"Retained Rights" shall have the meaning set forth in the preamble to the Trust Agreement.

"S&P" or "Standard & Poor's Corporation" means Standard & Poor's Ratings Group, or any successor thereto.

"Serial Certificates" means the Certificates designated as Serial Certificates pursuant to the Trust Agreement.

"Series" means all the Certificates delivered on original issuance in a simultaneous transaction and identified pursuant to Section 4.01 of the Trust Agreement and the Supplemental Trust Agreement authorizing the issuance of such Certificates as a separate Series, regardless of variations in maturity, interest rate and other terms.

"Special Counsel" shall mean Miller, Canfield, Paddock and Stone, P.L.C., Pensacola, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exemption of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" means the State of Florida.

"Stipulated Loss Value" means an amount calculated in accordance with Section 5.08 of the Lease Agreement.

"Superintendent" means the Superintendent of the District, or such Person as shall be authorized to act on his or her behalf.

"Supplemental Rent" shall have the meaning set forth in Section 4.03(e) of the Lease Agreement.

"Supplemental Trust Agreement" means any supplement to or amendment to the Trust Agreement entered into in accordance with Article XI of the Trust Agreement.

"Surveyor" means Allen Nobles & Associates, B & D Land Surveying or any other surveyor licensed in the State of Florida and approved by the School Board.

"Taxable Certificates" means Certificates for which the Interest Component for the Basic Rent Payments relating thereto shall be includible in gross income for purposes of federal income taxation.

"Term Certificates" means those Certificates designated as Term Certificates pursuant to the Supplemental Trust Agreement authorizing the issuance thereof which are subject to mandatory prepayment by Amortization Installments.

"Termination Date" means the date on which the Lease Agreement terminates pursuant to the terms thereof, as set forth in the applicable Lease Schedule.

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"Refunding Certificates" means Certificates issued for purposes of refunding Outstanding Certificates pursuant to Section 4.13 of the Trust Agreement.

"Refunding Securities", except as otherwise provided by Supplemental Trust Agreement, means the United States Obligations and the Prerefunded Obligations.

"Renewal Lease Term" means, in regard to a Project, the period commencing on the day after the last day of the Initial Lease Term and ending on the following June 30. Thereafter, "Renewal Lease Term" shall refer to each succeeding one (1) year term commencing on the day after the last day of the previous Renewal Lease Term and ending on the following June 30.

"Renewal Term Termination Date" means, in regard to a Project the termination date for the then current Renewal Lease Term which shall be the last day of such Renewal Lease Term.

"Replacement Amount" means, in regard to a Project, the Replacement Amount described in the Lease Schedule relating to such Project.

"Request and Authorization" means a request and authorization from the Corporation and the Board to the Trustee to authenticate and deliver Certificates in accordance with the terms thereof and of the related Supplemental Trust Agreement, and substantially in the form of Exhibit "C" to the Trust Agreement.

"Requisition" means a requisition of the Board to receive amounts from the Project Fund to pay Project Costs or Costs of Issuance in the form attached to the Lease Agreement as Exhibit B.

"Reserve Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Reserve Account Letter of Credit/Insurance Policy" means the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a subaccount of the Reserve Account in order to fulfill the requirement relating thereto.

"Reserve Requirement" means, in regard to a subaccount established in the Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Lease Schedule relating thereto, provided such Requirement does not exceed the lesser of (1) the maximum Principal and Interest Requirement on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Year (2) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Years, and (3) ten percent (10%) of the proceeds of such Series of Certificates.

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"Trust Agreement" means the Trust Agreement, dated as of June 1, 1999, between the Corporation and the Trustee, as now and hereafter amended, modified or supplemented by Supplemental Trust Agreements.

"Trust Estate" means all right, title and interest of the Trustee in and to the property and interest therein described in Section 3.03 of the Trust Agreement.

"Trustee" means First Union National Bank or its successor in interest as the Trustee under the Trust Agreement.

"United States Obligations" means the obligations and securities described in paragraph (1) of the definition of "Permitted Investments".

"Variable Rate Certificates" means Certificates issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereto at the date of issue.

"Vendor" means, with respect to a Project, the Person or Persons appointed by the Board to sell it Equipment relating to such Project.

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**EXHIBIT "B"**

**Certificate of Participation, Series 1999  
Evidencing an Undivided Proportionate Interest of the Owners  
thereof in Basic Rent Payments to be made  
by the School Board of Walton County, Florida, as Lessee, pursuant to a Master  
Lease-Purchase Agreement with  
Walton County Public Education Finance Authority, Inc.,  
as Lessor**

Interest Rate                      Dated Date                      Maturity Date                      CUSIP  
June 1, 1999

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

This is to certify that the Registered Owner stated above is the registered owner of this Certificate and is entitled to receive on the Maturity Date stated above, the Principal Amount stated above. This Certificate and the "Certificate Principal Amount" and "Certificate Interest Payments" hereunder (as each is defined below) represent a proportionate undivided interest in the right to receive the Principal Component and Interest Component of Basic Rent Payments payable under the Master Lease-Purchase Agreement, dated as of June 1, 1999 (the "Lease Agreement"), between the Walton County Public Education Finance Authority, Inc., a not-for-profit corporation, as lessor (the "Corporation") and the School Board of Walton County, Florida, a school board of the State of Florida, as lessee (the "Board"). The Corporation's rights (other than certain Retained Rights) including the right to receive Basic Rent Payments have been assigned, without recourse, to First Union National Bank, as trustee (the "Trustee") under the Trust Agreement, dated as of June 1, 1999 (the "Trust Agreement") among the Trustee, the Corporation and the Board and under the Assignment Agreement, dated as of June 1, 1999. The Basic Rent Payments under the Lease Agreement are payable solely from moneys appropriated from the Board's Available Revenues (as defined in the Trust Agreement) and the moneys on deposit with the Trustee under the Trust Agreement. The Lease Agreement is subject to renewal at the end of each fiscal year of the Board which renewal will only occur if the Board approves a budget for such ensuing fiscal year which appropriates funds for such purpose. The designated corporate trust office of the Trustee is located in Jacksonville, Florida (the "Principal Office"). The aforesaid Principal Amount represents a proportionate undivided interest in the Principal Component of the Basic Rent Payment (the "Certificate Principal Amount") under the Lease Agreement coming due on the Maturity Date. The Owner is also entitled to receive, on January 1, 2000 and semiannually thereafter on January 1 and July 1 (each such date being referred to herein as a "Payment Date") to and including the Maturity Date or the date of prepayment, whichever is earlier, the Owner's proportionate undivided interest in the Interest Component of the Basic Rent Payment (the "Certificate Interest Payments") coming due with respect to such Payment Dates. Interest on the Principal Amount represented by this Certificate shall accrue from the Dated Date at the Interest Rate set forth above. This Certificate is one of a series of

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APPROPRIATION BY THE BOARD. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Trustee has no obligation or liability to the Registered Owner to make payments of the Certificate Principal Amount or Certificate Interest Payments with respect to this Certificate, other than from the Trust Estate. The Trustee's sole obligations are to administer, for the benefit of the Certificate Owners, the various funds and accounts established under the Trust Agreement and to exercise various responsibilities under the Trust Agreement.

certificates of participation in the aggregate principal amount of \$25,960,000 (the "Certificates") issued to finance the construction of certain school facilities (the "1999 Project") for lease to the Board pursuant to the Lease Agreement.

The Board may, from time to time, lease other Projects (as defined in the Trust Agreement) from the Corporation pursuant to the Lease Agreement. The acquisition, construction and installation of each such Project shall be financed by the issuance of a series of certificates of participation pursuant to the Trust Agreement. Each series of certificates of participation issued to finance a Project shall be secured independently of each other series of certificates of participation but shall share the Basic Rent pro rata in accordance with the Trust Agreement. The Board has agreed in the Lease Agreement to budget and appropriate in each fiscal year from Available Revenues sufficient moneys to make the Lease Payments (as defined in the Trust Agreement) for all Projects, leased under the Lease Agreement or for none of them. Payment of the Basic Rent is subject to annual appropriation by the Board in each fiscal year of Available Revenues sufficient to make the Lease Payments. The Board may issue Completion Certificates (as defined in the Trust Agreement) which shall be on parity with the Certificates upon satisfying the conditions described therefor in the Trust Agreement.

Said amounts are payable in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. The Principal Amount is payable at the Principal Office of the Trustee. Payment of the principal of all Certificates shall be made upon the presentation and surrender of such Certificates as the same shall become due and payable. Payment of interest on the Certificates shall be by check or draft mailed on the applicable Payment Date to the Registered Owner as of the close of business on the fifteenth (15th) day of the month preceding the Payment Date (the "Record Date") at his address as it appears on the Certificate Register maintained by the Trustee; except that, if and to the extent that there shall be a default in the payment of interest due on such Payment Date, such defaulted interest payment shall be paid to the Owners in whose name any such Certificates are registered at the close of business on the fifteenth day preceding the date of payment of such defaulted interest payment; provided, however, that at the request and expense of the Registered Owner of \$1,000,000 or more in aggregate principal amount of outstanding Certificates, interest shall be paid by wire transfer on the Payment Date to a bank account located in the continental United States and designated in writing to the Trustee by the Registered Owner at least five days prior to said Payment Date. Defaulted payments upon Series 1999 Certificates registered in the name of the Certificate Insurer pursuant to its Certificate Insurance Policy shall bear interest from the date of each default at the rate from time to time announced by the Insurance Trustee as its base lending rate plus three percent (3%) (the "Default Rate").

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF WHICH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Trust Agreement.

THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL

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**IN WITNESS WHEREOF**, the Trustee has caused this Certificate to be executed by facsimile signature of an authorized officer as of the date stated above.

First Union National Bank not in its individual capacity but solely as Trustee, under the Trust Agreement, dated as of June 1, 1999.

**FIRST UNION NATIONAL BANK**  
as Trustee

(SEAL)

By: \_\_\_\_\_  
Its: Authorized Officer

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## CERTIFICATE OF AUTHENTICATION

This Certificate is one of the Certificates designated as Certificates of Participation (School Board of Walton County, Florida, Master Lease Program, Series 1999) Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made by the School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with the Walton County Public Education Finance Authority, Inc., as Lessor, described in the within-mentioned Trust Agreement. The Interest Rate, Maturity Date, and Principal Amount shown hereon are true and correct and have been recorded along with the name, address and taxpayer identification number of the Registered Owner shown above in the Certificate Register maintained for such purpose by the undersigned.

First Union National Bank not in its individual capacity but solely as Trustee, under the Trust Agreement dated as of June 1, 1999.

Date of Authentication:

**FIRST UNION NATIONAL BANK**  
as Trustee

By: \_\_\_\_\_  
Its: Authorized Officer

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[Reverse Side of Form of Certificate of Participation]

This Certificate has been executed by the Trustee pursuant to the terms of the Trust Agreement. Copies of the Lease Agreement, the Assignment Agreement (as defined in the Lease Agreement) and the Trust Agreement are on file at the Principal Office of the Trustee, and reference to the Lease Agreement, the Assignment Agreement and the Trust Agreement and any and all amendments to said agreements is made for a description of the covenants of the Board, the nature, extent and manner of enforcement of such covenants, the rights and remedies of the Owners of the Certificates with respect thereto and the terms and conditions upon which the Certificates are delivered thereunder. To the extent and in the manner permitted by the terms thereof, the provisions of the Lease Agreement and the Trust Agreement may be amended by the parties thereto.

This Certificate may be transferred only by recording the transfer on the Certificate Register, which shall be kept for that purpose by the Trustee at the Principal Office of the Trustee in Jacksonville, Florida. A transfer of this Certificate shall be registered and a new Certificate prepared, authenticated and delivered upon surrender of this Certificate for cancellation accompanied by a written instrument of transfer in a form approved by the Trustee and duly executed by the Registered Owner hereof or his or her duly authorized attorney or legal representative. Upon the registration of the transfer and the surrender of this Certificate, the Trustee shall provide in the name of the transferee, a new fully registered Certificate or Certificates of the same aggregate principal amount, maturity and tenor as the surrendered Certificate. No exchange or transfer of any Certificates shall be required of the Trustee (1) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of prepayment of Certificates and ending at the close of business on the day of such mailing, (2) for Certificates called for prepayment, or (3) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest. Interest on the Certificates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

The Certificates are delivered in the form of fully registered Certificates in denominations of \$5,000 each or any whole multiple thereof, and upon surrender thereof at the Principal Office of the Trustee with a written request of exchange satisfactory to the Trustee duly executed by the Registered Owner or his duly authorized attorney or legal representative in writing, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate Principal Amount of Certificates of any other authorized denomination and of the same Interest Rate and Maturity Date.

Optional Prepayment. The Certificates maturing on or after July 1, 2010 may be prepaid, from (i) prepayments of Basic Rent made by the Board pursuant to the Lease Agreement, or (ii) upon receipt of the required opinion of Special Counsel, from amounts, if any, transferred by the Trustee from the Series 1999 Subaccount of the Project Account to the Series 1999 Account of the Prepayment Fund pursuant to the Trust Agreement, in whole or in part on July 1, 2009 or on any date thereafter, and if in part, by lot within a maturity in such manner as may be designated by the Trustee, at the Prepayment Prices (expressed as a percentage of the principal amount of the Certificates to be prepaid), plus accrued and unpaid interest thereon to the prepayment date as follows:

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## Statement of Insurance

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal and interest on this Bond to First Union National Bank, Jacksonville, Florida, or its successors, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

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### Period During Which Prepaid [Both Dates Inclusive]

### Redemption Price

July 1, 2009 to June 30, 2010	101%
July 1, 2010 and thereafter	100%

Sinking Fund Prepayment. The Certificates maturing on July 1, 2019 shall be subject to mandatory sinking fund prepayment on July 1, 2015 and on each July 1 thereafter in the Amortization Installments and in the years set forth below. The Trustee shall select such Certificates by lot in such manner, as it deems appropriate.

Year	Amortization Installments
2015	\$1,625,000
2016	1,710,000
2017	1,800,000
2018	1,895,000
2019*	1,995,000

### \*Maturity

Extraordinary Mandatory Prepayment. The Certificates are subject to mandatory prepayment from (i) surplus proceeds of the Certificates transferred by the Trustee from the 1999 Subaccount of the Project Account to the Series 1999 Account of the Prepayment Fund pursuant to the provisions of the Trust Agreement and (ii) the Net Proceeds of insurance or condemnation deposited with the Trustee, together with any Supplemental Rent contributed by the Board for such purpose, in the event that a 1999 Project or any portion thereof has been destroyed, damaged or condemned and the Board has elected not to repair, restore or replace such 1999 Project or portion thereof, in an amount equal to (i) in the event that all of the 1999 Project has suffered such a loss, damage or destruction, the Principal Component of Basic Rent Payments represented by the Certificates, together with the Interest Component of Basic Rent Payments represented by the Certificates accrued to the Mandatory Prepayment Date, or, (ii) in the event that less than all of the 1999 Project has suffered such a loss, damage or destruction, the amount calculated in clause (i) above multiplied by a fraction, the numerator of which is the original Cost of such lost, damaged or destroyed portion of the Project and the denominator of which is the aggregate Cost of the entire 1999 Project then subject to the Lease Agreement including those items suffering such loss, damage or destruction.

For purposes hereof, such prepayment will be in whole or in part, and, if in part, such prepayment will be on any Mandatory Prepayment Date, in any order directed by the Board, or, in the absence of such direction, in inverse order of maturity and by lot within maturities, without prepayment premium, at the principal amount thereof together with accrued interest to the Mandatory Prepayment Date. The Mandatory Prepayment Date will be the next succeeding Payment Date; provided, however, if such Payment Date occurs within 40 days of receipt by the Trustee of the moneys to be used for such prepayment, the Mandatory Prepayment Date will be the second succeeding Payment Date.

When Certificates are prepaid by lot, selection of Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Certificate to be prepaid shall be in the principal amount of \$5,000 or any whole multiple

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Notice of such payment shall be mailed, postage prepaid, not more than 60 days or fewer than 30 days prior to said date of prepayment, to the Registered Owner of any Certificate to be prepaid. Such mailing shall not be a condition precedent to such prepayment, and failure to so mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the Certificate.

Additional abbreviations may also be used though not in list above.

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Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within registered Certificates in every particular without alteration or enlargement or any change whatsoever.

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The Trustee is hereby directed to enter into that certain BMA standard repurchase agreement, dated the date hereof, with Merrill Lynch Government Securities Inc. relating to the proceeds of the Certificates and certain other funds deposited by the School Board with the Trustee.

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IN WITNESS WHEREOF, the School Board and the Corporation have caused this instrument to be executed by its undersigned officers and its official seals to be impressed hereon, this 30th day of June, 1999.

SCHOOL BOARD OF WALTON COUNTY,  
FLORIDA

(SEAL)

By: \_\_\_\_\_

WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.

(SEAL)

By: \_\_\_\_\_

EXHIBIT "T"  
TO EXHIBIT "C"

\$25,960,000 CERTIFICATES OF PARTICIPATION, SERIES 1999, EVIDENCING AN UNDIVIDED PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN BASIC RENT PAYMENTS TO BE MADE BY THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA, AS LESSEE, PURSUANT TO THE MASTER LEASE-PURCHASE AGREEMENT WITH THE WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC., AS LESSOR, dated June 1, 1999; fully registered certificates in the denominations of \$5,000 each or integral multiples thereof; bearing interest (payable on January 1, 2000, and semi-annually thereafter on January 1 and July 1 of each year), at the rates set forth below; and maturing in the years and amounts as follows:

<u>DATES</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>
July 1, 2000	3.500%	\$725,000
July 1, 2001	4.000	860,000
July 1, 2002	4.100	895,000
July 1, 2003	4.200	930,000
July 1, 2004	4.300	970,000
July 1, 2005	4.500	1,010,000
July 1, 2006	4.600	1,055,000
July 1, 2007	4.700	1,105,000
July 1, 2008	4.750	1,155,000
July 1, 2009	4.875	1,210,000
July 1, 2010	5.000	1,270,000
July 1, 2011	5.000	1,335,000
July 1, 2012	5.000	1,400,000
July 1, 2013	5.250	1,470,000
July 1, 2014	5.125	1,545,000
July 1, 2019*	5.250	9,025,000

Typewritten Bonds in the form of one Certificate for each maturity Date, registered in the name of CEDE & Co.

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**SERIES 2017 SUPPLEMENTAL TRUST AGREEMENT**

**By and Among**

**U.S. BANK NATIONAL ASSOCIATION**

**WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**

and the

**THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA,**

**DATED AS OF OCTOBER 1, 2017**

**Relating to:**

\$36,580,000 principal amount of Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor

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WHEREAS, proceeds of the Series 2010 Certificates were principally used to finance the acquisition, construction, installation and equipping of various capital improvements constituting educational facilities within the District, including, but not limited to, the construction and equipping of the Emerald Coast Middle School (the "Series 2010 Project"), as more particularly described in the Lease Schedule No. 2010, dated as of August 1, 2010 (together with the Master Lease, the "Current 2010 Lease Agreement"); and

WHEREAS, pursuant to the Lease Agreement, the Board by execution of a Lease Schedule to the Lease Agreement (together with the Master Lease, the "Series 2017 Lease Agreement"), has provided for the financing of the acquisition, construction, installation and lease-purchase to the Board of the Series 2017 Project (herein defined); and

WHEREAS, provision for the refinancing of the Series 2010 Project and the financing of the Series 2017 Project will be made by the issuance and sale of \$36,580,000 aggregate principal amount of Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor (the "Series 2017 Certificates"), to be issued under the Trust Agreement and secured by and payable from the right of the Corporation to receive Basic Rent Payments to be made by the Board pursuant to the Series 2010 Lease Agreement and the Series 2017 Lease Agreement; and

WHEREAS, at the request of the Board and the Corporation, the Trustee has agreed to deliver the Series 2017 Certificates pursuant to and upon receipt of a Request and Authorization (as defined in the Trust Agreement) from the Corporation and the Board and the terms of this Series 2017 Supplemental Trust Agreement; and

WHEREAS, the Corporation has assigned by absolute outright assignment to the Trustee all of its right, title, and interest in and to the Series 2010 Lease Agreement, the Series 2017 Lease Agreement, and the Lease Payments (as defined in the Trust Agreement), and the Ground Lease Agreement, dated as of August 1, 2010, between the Board and Corporation (the "Series 2010 Ground Lease Agreement"), the Series 2017 Ground Lease Agreement, dated as of October 1, 2017, between the Board and the Corporation (the "Series 2017 Ground Lease Agreement"), other than its right of indemnification, its obligations pursuant to Section 6.03 of the Lease Agreement, and its right to enter into Lease Schedules from time to time, pursuant to the Assignment Agreement, dated as of June 1, 1999, as amended and supplemented, and as particularly supplemented by the Series 2017 Supplemental Assignment Agreement, dated as of October 1, 2017 (collectively, the "Assignment Agreement"), each between the Corporation and the Trustee; and

WHEREAS, the proceeds of the Series 2017 Certificates shall be used pursuant to the Trust Agreement to (i) refund, on a current basis, all of the outstanding Refunded Certificate pursuant to the terms of the Trust Agreement, (ii) finance or reimburse the Board for the costs of

## SERIES 2017 SUPPLEMENTAL TRUST AGREEMENT

THIS SERIES 2017 SUPPLEMENTAL TRUST AGREEMENT is dated as of October 1, 2017 (the "Series 2017 Supplemental Trust Agreement"), and supplements the Trust Agreement, dated as of June 1, 1999, as amended and supplemented (the "Master Trust Agreement" and, together with the Series 2017 Supplemental Trust Agreement, the "Trust Agreement"), by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Trust Agreement, as successor trustee (the "Trustee"), the WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC., a not-for-profit corporation duly organized and existing under the laws of the State of Florida (the "Corporation"), and THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA (the "Board"), acting as the governing body of the School District of Walton County, Florida (the "District").

### WITNESSETH:

WHEREAS, the Board has heretofore deemed it in its best interests to lease-purchase certain real and/or personal property from time to time and has heretofore entered into a Master Lease-Purchase Agreement, dated as of June 1, 1999, as amended and supplemented (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

WHEREAS, pursuant to the Lease Agreement, the Board may from time to time, by execution of a Lease Schedule to the Lease Agreement (a "Lease Schedule"), direct the Corporation to acquire, construct, install, and lease-purchase to the Board the items of property described in such Lease Schedule (which items of property are collectively referred to herein as the "Projects"); and

WHEREAS, provision for the payment of the cost of acquiring, constructing, and installing each Project will be made by the issuance and sale from time to time of a Series (as defined in the Trust Agreement) of Certificates of Participation issued under the Trust Agreement (the "Certificates"), which shall be secured by and be payable from the right of the Corporation to receive Basic Rent Payments (as defined in the Trust Agreement) to be made by the Board pursuant to the Lease Agreement and related Lease Schedule; and

WHEREAS, the Board has hereto caused the Trustee to execute, authenticate, and deliver, under the Trust Agreement \$10,075,000 Certificate of Participation, Series 2010 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor (the "Refunded Certificate"), which Series 2010 Certificates, prior to giving effect to the refunding, are currently outstanding in the aggregate amount of \$3,365,000; and

acquisition, construction, and installation of the Series 2017 Project, and (iii) pay costs of issuing the Series 2017 Certificates; and

WHEREAS, the prepayment, of Basic Rent Payments shall be in an amount sufficient to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificate as the same becomes due or is redeemed prior to maturity; and

WHEREAS, in consideration for the deposit of such prepaid Basic Rent Payments to refund the Refunded Certificate, the Board has agreed to enter into an Amended and Restated Lease Schedule No. 2010 (the "Amended and Restated Lease Schedule No. 2010"), with the Corporation, whereby the Board will amend and restate the Current 2010 Lease Agreement in its entirety thereby continuing to lease the Series 2010 Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on the Series 2017 Certificates relating to the Series 2010 Project; and

WHEREAS, each Series of Certificates (other than Refunding Certificates or Completion Certificates) shall be secured independently from each other Series of Certificates; and

WHEREAS, the Series 2017 Certificates shall be secured in the manner provided herein and in the Trust Agreement and shall have the terms and provisions contained in this Series 2017 Supplemental Trust Agreement; and

WHEREAS, all things necessary to make the Series 2017 Certificates, when authenticated by the Trustee and issued as provided herein and in the Trust Agreement, the valid, binding, and legal obligations according to the terms thereof, have been done and performed, and the creation, execution, and delivery of this Series 2017 Supplemental Trust Agreement, and the creation, execution, and issuance of the Series 2017 Certificates subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2017 SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

### ARTICLE I DEFINITIONS

#### SECTION 101. DEFINITIONS.

Capitalized words and terms which are defined in the Trust Agreement shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent. In addition to the words and terms elsewhere defined in this Series 2017 Supplemental Trust Agreement, the following capitalized words and terms as used in this Series 2017 Supplemental Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

"**Amended and Restated Lease Schedule No. 2010**" means Amended and Restated Lease Schedule No. 2010, dated as of October 1, 2017, between the Corporation and the Board, relating to the Series 2010 Project and a portion of the Series 2017 Certificates.

"**Assignment Agreement**" means, collectively, the Assignment Agreement, dated as of June 1, 1999, as amended and supplemented, and as particularly supplemented by the Series 2017 Supplemental Assignment Agreement, dated as of October 1, 2017.

"**Disclosure Dissemination Agent**" means Digital Assurance Certification, L.L.C.

"**Disclosure Dissemination Agent Agreement**" means that certain Disclosure Dissemination Agent Agreement dated as of October 11, 2017, between the Board and the Disclosure Dissemination Agent for the benefit of the Holders (as defined therein) of the Series 2017 Certificates.

"**Financing Documents**" shall mean all of the contracts entered by the Board or Corporation in connection with the issuance of the Series 2017 Certificates.

"**Lease Schedule No. 2017**" means Lease Schedule No. 2017 dated as of the date hereof, relating to the financing of the Series 2017 Project and which shall be part of the Lease Agreement.

"**Payment Date**" means January 1 and July 1 of each year, commencing January 1, 2018.

"**Refunded Certificate**" means Certificate of Participation, Series 2010 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor, executed, authenticated, and delivered by the Trustee under the Trust Agreement.

"**Refunding Securities**" means (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"); (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to

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"**Series 2017 Project**" means the property and improvements described as the "Series 2017 Project" in the Lease Schedule No. 2017, as the same may be amended or modified from time to time.

"**Series 2017 Subaccount of the Costs of Issuance Account**" means the subaccount established in the Costs of Issuance Account of the Project Fund pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"**Series 2017 Subaccount of the Interest Account**" means the subaccount established in the Interest Account of the Lease Payment Fund pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"**Series 2017 Subaccount of the Principal Account**" means the subaccount established in the Principal Account of the Lease Payment Fund pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"**Series 2017 Subaccount of the Project Account**" means the subaccount established in the Project Account of the Project Fund pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"**Series 2017 Supplemental Trust Agreement**" means this instrument, as amended and supplemented.

"**Trustee**" means U.S. Bank National Association, and any successor or assignee thereto.

"**Trust Agreement**" means the Trust Agreement, dated as of June 1, 1999, as amended and supplemented, as particularly amended and supplemented by this Series 2017 Supplemental Trust Agreement, each among the Trustee, the Corporation, and the Board.

"**Underwriters**" means, collectively, the underwriters named in the Certificate Purchase Agreement between such underwriters, the Corporation, and the Board, executed in connection with the sale of the Series 2017 Certificates.

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whom the custodian may be obligated; or (e) such other investments as may be approved in writing by S&P and Moody's.

"**Reserve Requirement**" means, with respect to the Series 2017 Certificates, zero dollars (\$0.00).

"**Series 2010 Ground Lease Agreement**" means the Ground Lease Agreement, dated as of August 1, 2010, as amended by the First Amendment to Ground Lease Agreement, dated as of October 1, 2017, each between the Board and the Corporation, as the same may be amended and supplemented from time to time, relating to the Refinanced Project.

"**Series 2010 Lease Agreement**" means the Lease Agreement, as amended and supplemented by the Amended and Restated Lease Schedule No. 2010.

"**Series 2010 Project**" means the property and improvements described as the "Series 2010 Project" in the Amended and Restated Lease Schedule No. 2010, as the same may be amended or modified from time to time.

"**Series 2017 Account of the Prepayment Fund**" means the account established in the Prepayment Fund pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"**Series 2017 Account of the Rebate Fund**" means the account established in the Rebate Fund pursuant to Section 6.02 of the Trust Agreement and Section 401 hereof.

"**Series 2017 Certificates**" has the meaning set forth in the preambles hereof and shall further mean the Certificates authorized to be issued under Section 4.01 of the Trust Agreement and Section 201(a) hereof.

"**Series 2017 Ground Lease Agreement**" means the Series 2017 Ground Lease Agreement, dated as of October 1, 2017, between the Board and the Corporation.

"**Series 2017 Permitted Investments**" means the qualified investments set forth on Exhibit "A" hereto, to the extent such investments are permitted by law.

"**Series 2017 Pledged Accounts**" means the Series 2017 Subaccount of the Costs of Issuance Account, the Series 2017 Subaccount of the Interest Account, the Series 2017 Subaccount of the Principal Account, the Series 2017 Subaccount of the Project Account, and the Series 2017 Account (provided that such subaccount is pledged only to the Series 2017 Certificates allocable to the Series 2017 Project) of the Prepayment Fund, each established hereunder.

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## ARTICLE II THE SERIES 2017 CERTIFICATES

### SECTION 201. AUTHORIZATION OF SERIES 2017 CERTIFICATES.

(a) There is hereby created a Series of Certificates to be issued under the Trust Agreement and to be known as "Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor." The aggregate principal amount of Series 2017 Certificates which may be issued is hereby expressly limited to \$36,580,000; provided, however, Completion Certificates may be issued in the manner provided in Section 4.12 of the Trust Agreement. The Series 2017 Certificates shall be issued for the principal purposes of (i) financing the cost of lease-purchase financing of the Series 2017 Project, (ii) refinancing the cost of lease-purchase financing the Series 2010 Project by effecting the redemption, on a current basis, of the Refunded Certificate, and (iii) the cost of paying Costs of Issuance of the Series 2017 Certificates. The Series 2017 Certificates shall bear interest from their dated date and shall be issuable as fully registered Certificates without coupons in denominations of \$5,000 and integral multiples thereof. The Series 2017 Certificates shall be lettered and numbered R-1 and upward.

(b) Except as otherwise provided in the Trust Agreement, the Series 2017 Certificates shall be dated as of their date of delivery. Interest on the Series 2017 Certificates shall be payable on each Payment Date, commencing January 1, 2018. Such interest shall represent an undivided proportionate interest in the Interest Component of Basic Rent Payments represented by the Series 2017 Certificates due on June 10 and December 10 of each year as set forth in the Amended and Restated Lease Schedule No. 2010 and Lease Schedule No. 2017.

(c) The Series 2017 Certificates shall bear interest at the respective rates and shall mature on July 1 in each of the years in the respective principal amounts set opposite each year in the following schedule:

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YEAR (JULY 1)	PRINCIPAL AMOUNT	INTEREST RATE
2018	\$1,070,000	4.00%
2019	1,060,000	4.00
2020	2,285,000	5.00
2021	1,245,000	5.00
2022	1,305,000	5.00
2023	1,370,000	5.00
2024	1,440,000	5.00
2025	1,515,000	5.00
2026	1,590,000	5.00
2027	1,670,000	5.00
2028	1,750,000	5.00
2029	1,840,000	5.00
2030	1,930,000	5.00
2031	2,030,000	5.00
2032	2,130,000	5.00
2033	2,235,000	5.00
2034	2,345,000	5.00
2035	2,465,000	5.00
2036	2,590,000	5.00
2037	2,715,000	5.00

(d) Principal on the Series 2017 Certificates due at maturity or upon prepayment thereof, whichever is earlier, shall represent an undivided proportionate interest in the Principal Component of the Basic Rent Payments represented by the Series 2017 Certificates due on each of the dates set forth in the Amended and Restated Lease Schedule No. 2010 and the Lease Schedule No. 2017.

(e) The Series 2017 Certificates shall be payable in the manner provided in the Trust Agreement.

(f) All of the Series 2017 Certificates shall be Serial Certificates. The Series 2017 Certificates shall be substantially in the form set forth in Exhibit "B" to the Trust Agreement, with such changes as may be necessary to conform to the provisions of the Series 2017 Supplemental Trust Agreement.

#### SECTION 202. ISSUANCE OF SERIES 2017 CERTIFICATES.

The Series 2017 Certificates shall be issued upon delivery to the Trustee of documents referred to in Sections 4.02 and 4.13(b) of the Trust Agreement and the payment of the purchase price therefor.

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Holder and absolute owner of such Series 2017 Certificate for the purpose of payment of principal of, premium, if any, and interest with respect to such Series 2017 Certificate, for providing notices with respect to such Series 2017 Certificate, for the purpose of registering transfers with respect to such Series 2017 Certificate, for the purpose of providing notices of prepayment, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2017 Certificates only to or upon the order of the respective holders, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2017 Certificates to the extent of the sum or sums so paid. No Person shall receive a certificated Series 2017 Certificate evidencing the obligation of the Board to make payments of principal of, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the Board of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Trust Agreement with respect to transfers during certain time periods, the words "Cede & Co." herein shall refer to such new nominee of DTC; and upon receipt of such notice, the Board shall promptly deliver a copy of the same to the Trustee.

Upon (a) receipt by the Board of written notice from DTC (i) to the effect that a continuation of the requirement that all of the outstanding Series 2017 Certificates be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2017 Certificates, or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms; or (b) determination by the Board, in its sole discretion upon compliance with applicable DTC policies and procedures, that such book-entry only system is burdensome to the Board, the Series 2017 Certificates shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names holders shall designate, in accordance with the provisions hereof. In such event, the Board shall issue and the Trustee shall authenticate, transfer and exchange Series 2017 Certificates of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the holders thereof in accordance with the provisions of the Trust Agreement. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket Issuer Letter of Representations executed by the Board and delivered to DTC shall apply to the payment of principal of and interest on the Series 2017 Certificates.

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#### SECTION 203. REDEMPTION OF REFUNDED CERTIFICATE.

Upon the delivery of the Series 2017 Certificates, the Refunded Certificate shall be prepaid and redeemed as provided in the Trust Agreement.

#### SECTION 204. SERIES 2017 PROJECT.

The Series 2017 Project shall be acquired, constructed, and installed as provided in the Trust Agreement, the Lease Agreement, and the Lease Schedule No. 2017.

#### SECTION 205. LETTER OF INSTRUCTIONS.

Attached hereto as Schedule I is the Letter of Instructions relating to the Series 2017 Certificates as required by Section 6.12 of the Trust Agreement. The Trustee, the Corporation, and the Board agree to abide by the provisions of such Letter of Instructions in accordance with the terms of the Trust Agreement.

#### SECTION 206. FULL BOOK-ENTRY.

Notwithstanding the provisions set forth in Section 201 hereof or Section 4.06 of the Trust Agreement, the Series 2017 Certificates shall be initially issued in the form of a separate single certificated fully registered Series 2017 Certificate for each of the maturities of the Series 2017 Certificates. Upon initial issuance, the ownership of each such Series 2017 Certificate shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). As long as the Series 2017 Certificates shall be registered in the name of Cede & Co., all payments of interest on the Series 2017 Certificates shall be made by the Trustee by check or draft or by wire transfer to Cede & Co., as Holder of the Series 2017 Certificates.

With respect to Series 2017 Certificates registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Board, the Corporation, and the Trustee shall have no responsibility or obligation to any participant in the DTC book-entry program or to any indirect participant (collectively, a "Participant"). Without limiting the immediately preceding sentence, the Board, the Corporation, and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2017 Certificates, (b) the delivery to any Participant or any other Person other than a Certificate Owner, as shown in the registration books kept by the Trustee, of any notice with respect to the Series 2017 Certificates, including any notice of prepayment, or (c) the payment to any Participant or any other Person, other than a Certificate Owner, as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Series 2017 Certificates. The Board, the Corporation, and the Trustee may treat and consider the Person in whose name each Series 2017 Certificate is registered in the registration books kept by the Trustee as the

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### ARTICLE III APPLICATION OF PROCEEDS OF SERIES 2017 CERTIFICATES

#### SECTION 301. APPLICATION OF PROCEEDS OF SERIES 2017 CERTIFICATES.

The proceeds of the Series 2017 Certificates (net of the Underwriters' discount of \$115,756.33) shall be applied by the Trustee as follows:

- (a) Deposit to the credit of the Series 2017 Subaccount of the Costs of Issuance Account, an amount equal to the Costs of Issuance of the Series 2017 Certificates, \$240,255.90;
- (b) Payment of \$3,392,854.72 to the holder of the Refunded Certificate;
- (c) Deposit to the credit of the Series 2017 Subaccount of the Project Account, the remaining proceeds of the Series 2017 Certificates.

All moneys on deposit in the Subaccounts described in this Section shall be applied in accordance with Section 401 hereof and shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement.

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**ARTICLE IV**  
**ESTABLISHMENT OF SERIES 2017 PLEDGED ACCOUNTS**

**SECTION 401. ESTABLISHMENT OF SERIES 2017 PLEDGED ACCOUNTS.**

(a) In accordance with Section 6.02(b) of the Trust Agreement, there are hereby established with the Trustee, solely for the benefit of the Owners of the Series 2017 Certificates, the following accounts and subaccounts:

(i) The "School Board of Walton County, Florida Master Lease Series 2017 Subaccount of the Costs of Issuance Account."

(ii) The "School Board of Walton County, Florida Master Lease Series 2017 Subaccount of the Interest Account."

(iii) The "School Board of Walton County, Florida Master Lease Series 2017 Subaccount of the Principal Account."

(iv) The "School Board of Walton County, Florida Master Lease Series 2017 Account of the Prepayment Fund."

(v) The "School Board of Walton County, Florida Master Lease Series 2017 Subaccount of the Project Account."

(b) In accordance with Section 6.02(b) of the Trust Agreement, there is hereby established with the Trustee, the "School Board of Walton County, Florida Master Lease Series 2017 Account of the Rebate Fund."

(c) The moneys on deposit in the accounts and the subaccounts described in this Section shall be disbursed by the Trustee in the manner and for the purposes described in the Trust Agreement. The moneys in the Series 2017 Pledged Accounts shall be invested solely in the Series 2017 Permitted Investments pursuant to Section 6.10 of the Trust Agreement.

**SECTION 402. SECURITY FOR SERIES 2017 CERTIFICATES.**

The Series 2017 Certificates shall be secured in the manner provided in the Trust Agreement and shall receive all the benefits of the Trust Estate created thereunder, including all right, title, and interest of the Corporation in, to, and under (a) the Trust Agreement as particularly supplemented by this Series 2017 Supplemental Trust Agreement, (b) the Lease Agreement as particularly supplemented by Amended and Restated Lease Schedule No. 2010 and Lease Schedule No. 2017, (c) the Series 2010 Ground Lease Agreement and the Series 2017 Ground Lease Agreement, and (d) the Assignment Agreement; provided, however, such portion of the Trust Estate (i) which is derived from the lease, lease-purchase, sale, re-letting, or

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**ARTICLE V**  
**PREPAYMENT OF SERIES 2017 CERTIFICATES**

**SECTION 501. PREPAYMENT DATES AND PRICES OF SERIES 2017 CERTIFICATES.**

(a) The Series 2017 Certificates are subject to prepayment only as provided in this Section 501. The Series 2017 Certificates are not subject to extraordinary mandatory prepayment pursuant to Sections 6.03(g) of the Trust Agreement or Section 5.08(c) of the Lease Agreement.

(b) The Series 2017 Certificates maturing prior to July 1, 2028, are not subject to optional prepayment prior to maturity. The Series 2017 Certificates maturing on or after July 1, 2028, may be prepaid, from prepayments of Basic Rent made by the Board pursuant to the Lease Agreement, in whole or in part on July 1, 2027, or any date thereafter, and if in part, by lot within a maturity in such manner as may be designated by the Trustee, at the Prepayment Price equal to 100% of the principal amount of the Series 2017 Certificates to be prepaid, plus accrued and unpaid interest thereon.

(c) The Series 2017 Certificates shall be called for prepayment upon the notice and in the manner provided in Article V of the Trust Agreement, which notice may be issued on a conditional basis.

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other disposition of the Series 2010 Project shall be utilized solely for the benefit of the Owners of the Series 2017 Certificates allocable to the Series 2010 Project (i.e. the Series 2017 Certificates maturing on or before July 1, 2020), and (ii) which is derived from the lease, lease-purchase, sale, re-letting, or other disposition of the Series 2017 Project shall be utilized solely for the benefit of the Owners of the Series 2017 Certificates allocable to the Series 2017 Project (i.e. the Series 2017 Certificates maturing after July 1, 2020), and (iii) any cash, securities, and investments in the Series 2017 Pledged Accounts shall be utilized solely for the benefit of the Owners of the Series 2017 Certificates (provided, however, the Series 2017 subaccount of the Project Account shall secure only the Series 2017 Certificates allocable to the Series 2017 Project). The Owners of the Series 2017 Certificates shall have no claim against, nor receive any benefits from, any portion of the Trust Estate derived from the lease, lease-purchase, sale, re-letting, or other disposition of the Projects, other than the Series 2010 Project or Series 2017 Project (as described above), or any cash, securities, and investments in the Pledged Accounts, other than the Series 2017 Pledged Accounts.

**SECTION 403. SURPLUS AMOUNTS IN PROJECT SUBACCOUNT.**

Notwithstanding anything herein or in the Lease Agreement to the contrary, any surplus amounts (any amount in excess of the cost of the Series 2017 Project) in the Series 2017 Subaccount of the Project Account may be used for other capital improvements of the Board at the discretion of the Board by amending the Series 2017 Ground Lease Agreement and the Lease Schedule No. 2017 to add such improvements to the Series 2017 Project. Such amendments shall not require consent of any other party other than the Corporation, as a party to the amending documents.

**SECTION 404. RESERVE ACCOUNT.**

The Reserve Requirement for the Series 2017 Certificates is equal to zero dollars (\$0.00); the Series 2017 Certificates shall not be entitled to any payment from or benefit of the Reserve Account for any other Series of Certificates.

**SECTION 405. INVESTMENTS.**

The moneys in the Series 2017 Pledged Accounts shall be invested only in the Series 2017 Permitted Investments pursuant to Section 6.10 of the Trust Agreement.

The Board and Corporation acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Board or Corporation the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Board and Corporation specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Board and Corporation periodic cash transaction statements that include detail for all investment transactions made by the Trustee under the Indenture.

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**ARTICLE VI**  
**PROVISIONS RELATING TO SERIES 2017 CERTIFICATES**

**SECTION 6.01 INDEMNITY.**

The Trustee shall be under no obligation to institute any suit or to undertake any remedial proceeding in the Event of a Default under the Trust Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its reasonable satisfaction against any and all reasonable costs, expenses, outlays, and reasonable counsel fees and other reasonable disbursements.

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**ARTICLE VII  
MISCELLANEOUS**

**SECTION 701. PROVISIONS OF TRUST AGREEMENT NOT OTHERWISE MODIFIED.**

Except as expressly modified or amended hereby, the Trust Agreement shall remain in full force and effect. To the extent of any conflict between the terms of the Trust Agreement and this Series 2017 Supplemental Trust Agreement, the terms hereof shall control.

**SECTION 702. THIRD PARTY BENEFICIARIES.**

Nothing in this Series 2017 Supplemental Trust Agreement, express or implied, is to or shall be construed to confer upon or to give to any Person or party other than the Corporation, and its assignee, the Trustee and the Board any rights, remedies, or claims under or by reason of this Series 2017 Supplemental Trust Agreement or any covenants, condition, or stipulation hereof; and all covenants, stipulations, promises, and agreements in this Series 2017 Supplemental Trust Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Trustee and the Board.

**SECTION 703. COUNTERPARTS.**

This Series 2017 Supplemental Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 704. HEADINGS.**

Any headings preceding the text of the several Articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series 2017 Supplement Trust Agreement, nor shall they affect its meaning, construction or effect.

**SECTION 705. LAWS.**

This Series 2017 Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State of Florida.

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**SECTION 707. CONTINUING DISCLOSURE.**

Notwithstanding any other provision of the Trust Agreement or this Series 2017 Supplemental Trust Agreement to the contrary, failure of the Board or the Dissemination Agent to comply with the Disclosure Dissemination Agent Agreement shall not be considered an "event of default" thereunder or hereunder and all rights and remedies shall be limited to those expressly stated therein. In the event of a failure of the Board or the Dissemination Agent to comply with any provision of the Disclosure Dissemination Agent Agreement, the Holders' rights to enforce the provisions of the Disclosure Dissemination Agent Agreement shall, to the extent allowed by applicable law, be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation thereunder.

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**SECTION 706. NOTICES.**

(a) All written notices, certificates, reports, or statements to be given under the Trust Agreement, the Lease Agreement, the Series 2010 Ground Lease Agreement, or the Series 2017 Ground Lease Agreement shall be given by mail or personal delivery to the party entitled thereto, with a copy to each of the other parties to the Trust Agreement, to its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery, to the address set forth below.

If to the Board: The School Board of Walton County, Florida  
145 Park Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: Superintendent

If to the Corporation: Walton County Public Education Finance Authority, Inc.  
145 Park Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: President

If to the Trustee: U.S. Bank National Association  
Corporate Trust Services, EX-FL-UORT  
225 E. Robinson Street, Suite 250  
Orlando, Florida 32801

(b) Any such notice, demand, or request may also be transmitted to the appropriate above-mentioned party by telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

(d) All documents received by the Trustee under the provisions of this Series 2017 Supplemental Trust Agreement, or photostatic copies thereof, shall be retained in its possession until this Series 2017 Supplemental Trust Agreement shall be released under the provisions of Section 12.01 of the Trust Agreement, subject at all reasonable times to the inspection of the Corporation, the Board, and any Owner and the agents and representatives thereof.

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**IN WITNESS WHEREOF**, the Trustee has executed this Series 2017 Supplemental Trust Agreement by its authorized signatory thereunto duly authorized as of the date and year first written above.

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_  
Vice President

IN WITNESS WHEREOF, the Corporation has executed this Series 2017 Supplemental Trust Agreement by its officers thereunto duly authorized as of the date and year first written above.

WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC., as Lessor

By: \_\_\_\_\_  
President

Attest:

By: \_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the Board has executed this Series 2017 Supplemental Trust Agreement by its officers thereunto duly authorized as of the date and year first written above.

THE SCHOOL BOARD OF WALTON COUNTY,  
FLORIDA, as Lessee

(SEAL)

By: \_\_\_\_\_  
Chairperson

ATTEST:

By: \_\_\_\_\_  
Superintendent

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EXHIBIT "A"  
PERMITTED INVESTMENTS

"Permitted Investments" shall mean the following:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation),
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including, but not limited to:
  - U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - State and Local Government Series
  - Interest STRIPS of the Resolution Funding Corporation

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

- (3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank

- (4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Principal STRIPS of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System

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- (5) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

- (6) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

- (7) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

- (8) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal Obligations meeting the requirements of subsection (B) hereof may be used as permitted investments.

- (9) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

- (10) Investments in the "Core Fund" by Wertz York Capital Management Group, LLC.

The value of the above investments shall be determined as follows:

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(1) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch.

(2) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus, accrued interest thereon; and

(3) As to any investment not specified above: the value thereof established by prior agreement among the Issuer and the Trustee.

(11) Such other obligations as shall be permitted to be legal investments of the Board by the laws of the State.

(12) Investments in the Florida PRIME if the Florida PRIME shall be rated "AAAm" by Standard & Poor's or the equivalent by another NRSRO at the time of investment.

## SCHEDULE I

### LETTER OF INSTRUCTIONS

[See Closing Transcript Item No. 19]

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Schedule I

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**APPENDIX E**

**MASTER LEASE AND  
FORMS OF AMENDED AND RESTATED LEASE SCHEDULE NO. 2010 AND  
LEASE SCHEDULE NO. 2017**

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# **MASTER LEASE-PURCHASE AGREEMENT**

made and entered into as of June 1, 1999

by and between

**WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**  
(the "Corporation")

and

**THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**  
(the "Board")

acting as the Governing Body of

**THE WALTON COUNTY SCHOOL DISTRICT**  
(the "District")

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## MASTER LEASE-PURCHASE AGREEMENT

**THIS MASTER LEASE-PURCHASE AGREEMENT**, is made and entered into as of June 1, 1999 (the "Lease Agreement"), by and between the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a not-for-profit corporation organized and existing under the laws of the State of Florida (the "Corporation"), and the **SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), acting as the governing body of the Walton County School District;

### WITNESSETH:

In consideration of the mutual covenants hereinafter contained and for other valuable consideration, the parties hereto do hereby agree as follows:

### ARTICLE I

#### DEFINITIONS AND GENERAL PROVISIONS

##### SECTION 1.01. DEFINITIONS.

The capitalized words and terms used herein shall have the same meanings assigned to such words and terms in Exhibit "A" attached hereto or in the recitals hereof, unless the context clearly requires some other meaning.

##### SECTION 1.02. RULES OF CONSTRUCTION.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural person.

The terms "hereby," "hereof," "herein," "hereunder" and any similar terms, as used in this Lease Agreement, refer to this Lease Agreement.

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## ARTICLE II

### RECITALS

#### SECTION 2.01. STATUS AND POWER OF CORPORATION.

The Corporation is a not-for-profit corporation duly organized and validly existing pursuant to Chapter 617, Florida Statutes, as amended and is authorized pursuant to its Articles of Incorporation and By-Laws to purchase and to sell or lease or otherwise dispose of its property. Pursuant to such authority, the Corporation is authorized to undertake and perform the actions and duties more particularly described herein.

#### SECTION 2.02. STATUS AND POWERS OF BOARD.

The Board is a school board of the State of Florida, is the governing board of the District and is authorized by the laws and Constitution of the State of Florida, particularly the Act, to lease and acquire real and personal property for educational purposes and in furtherance of its public purpose.

#### SECTION 2.03. PURPOSE OF AGREEMENT.

In order to provide for its governmental and proprietary needs and in furtherance of its public purpose, the Board desires from time to time to lease or lease-purchase Projects for educational purposes from the Corporation. The Corporation is able and willing, for adequate consideration, to lease or lease-purchase such Project to the Board.

#### SECTION 2.04. RELATED AGREEMENTS.

The parties hereto acknowledge, approve of, and consent to the terms of the following documents:

(a) the Assignment Agreement, pursuant to which the Corporation assigns by outright assignment all of its right, title and interest in this Lease Agreement to the Trustee, other than its right of indemnification, its right to enter into Lease Schedules from time to time, its right to receive notices and grant consents or approvals hereunder and its obligations provided in Section 6.03 of the Lease Agreement (collectively, the "Retained Rights") and under the related Ground Lease; and

(b) the Trust Agreement pursuant to which the Trustee, the Board and the Corporation agree to implement this Lease Agreement by providing from time to time for the delivery of Series of Certificates to fund the Projects, for the administration of certain funds, accounts and subaccounts for the benefit of the Owners and, under the circumstances contemplated in such Trust Agreement and in this Lease Agreement, the exercise by the Trustee of certain remedies for the benefit of the Owners.

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#### SECTION 2.05. CONSTRUCTION OF THIS LEASE AGREEMENT.

For all purposes of this Lease Agreement, reference to the "assignee" of Corporation means the Trustee acting on behalf of the Owners of the Certificates issued pursuant to the Trust Agreement.

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## ARTICLE III

### ACQUISITION OF PROJECTS; BOARD TO BE AGENT OF CORPORATION

#### SECTION 3.01. DEPOSIT OF MONEYS; LEASE SCHEDULES.

(a) In order to induce the Board to lease a Project from the Corporation and to assure the Board that the moneys needed to pay the Costs of such Project or of the refinancing thereof, and Costs of Issuance relating to such Project (to the extent provided in the applicable Lease Schedule) will be available without delay, the Corporation and the Board, simultaneous with the delivery of a Lease Schedule relating to such Project by the Board, shall cause to be deposited with the Trustee, the proceeds of the Series of Certificates which shall finance the acquisition, construction and installation of such Project. Such proceeds shall be deposited in such funds, accounts and subaccounts established pursuant to the Trust Agreement as shall be described in the Lease Schedule relating to such Project and the Supplemental Trust Agreement pursuant to which such Series of Certificates are authorized to be issued.

(b) Whenever the Board, in its discretion, determines to lease a Project hereunder, it shall prepare and submit to the Corporation a Lease Schedule relating to the Project. Such Lease Schedule shall be in substantially the form set forth as Exhibit "C" hereto. The Corporation shall have no obligation to acquire, construct or install, or cause to be acquired, constructed or installed pursuant to Section 3.03 hereof, or to refinance, any portion of a Project until the Corporation has been furnished with a Lease Schedule describing such Project and complying with the provisions of the following paragraph.

(c) Each Lease Schedule submitted by the Board to the Corporation shall be accompanied by the following items:

(i) A certified copy of a resolution duly adopted by the Board authorizing the lease-purchase of the Project described in the Lease Schedule and the execution and delivery of such Lease Schedule and the Supplemental Trust Agreement related thereto;

(ii) A certificate of the Chairman of the Board reaffirming the Board's covenants, representations and warranties made hereunder, except as modified by the Lease Schedule, and stating no default or Event of Non-Appropriation has occurred and is continuing under this Lease Agreement;

(iii) An executed copy of any Ground Lease and the related Assignment of Ground Lease relating to the Project described in the Lease Schedule; and

(iv) An executed copy of the Supplemental Trust Agreement relating to the issuance of the Series of Certificates which shall fund the Project described in the Lease Schedule.

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(v) An executed Certificate of Lessee, the form of which is attached hereto as Exhibit "D-1" with respect to such Lease Schedule.

(vi) An executed Certificate of Lessor, in the form attached hereto as Exhibit "D-2" with respect to such Lease Schedule.

#### SECTION 3.02. RIGHT OF ENTRY.

In order to enable the Corporation to carry out the terms of this Lease Agreement, to provide for the acquisition, construction and installation of the Projects and to facilitate the exercise of remedies upon an Event of Default or Non-Appropriation hereunder, the Board hereby grants a right of entry to the Corporation, its agents and assignees, at reasonable times, to each of the Projects. The Board represents that it is empowered to grant such right of entry to the Corporation.

#### SECTION 3.03. ACQUISITION AND CONSTRUCTION OF THE PROJECTS.

(a) The Corporation shall provide for the acquisition, construction and installation of each Project by the Board, as agent of the Corporation, pursuant to applicable State law and Section 3.08 hereof. Title to each Project shall be either in the name of the Corporation (if agreed to by the Corporation), except as otherwise provided in Section 4.07 hereof or in Section 7.07 of the Trust Agreement, or in the Board. The Trustee shall establish a separate subaccount in the Project Account for each Project leased hereunder in accordance with Section 6.02 of the Trust Agreement. Amounts on deposit in each subaccount of the Project Account held by the Trustee pursuant to the Trust Agreement shall be disbursed by the Trustee to the Board or the person designated by the Board to pay Costs of the Project for which such subaccount was established. Such disbursement shall be made pursuant to Requisitions submitted by the Board to the Trustee in accordance with the procedures set forth in the Trust Agreement. Such Requisitions shall be in the form set forth as Exhibit "B" hereto and shall be accompanied by such further documentation as set forth herein and in Section 6.03 of the Trust Agreement. The Corporation hereby agrees that the Board may be reimbursed for expenditures of moneys made by the Board for the Project Costs in anticipation of the issuance of Certificates to fund such Project Costs by filing with the Trustee Requisitions, with the documentation required by Section 6.03 of the Trust Agreement. The Board hereby agrees that, in such cases where the Corporation has agreed to accept title, upon the Board's receipt of such reimbursement, the title to any portion of a Project previously acquired will be transferred to the Corporation.

(b) The Board agrees that it will assure that each Project will be acquired, constructed and installed in accordance with the Plans and Specifications. The Board further agrees that it will assure that each Project will be acquired, constructed and installed in accordance with the Project Budget and the Project Schedule relating thereto, which shall be provided in the Lease Schedule for such Project. The Board may, at any time prior to the Completion Date for a Project, make modifications to such Project, subject to the provisions of this Section 3.03(b), provided: (i) if such amount involved exceeds the fixed sum set forth in a particular Lease Schedule for such purpose, the Board has obtained the prior written consent of the Credit Enhancer; (ii) the Board files with the Trustee, as assignee of the Corporation, a

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certificate of an Authorized Officer of the Corporation and a certificate of an Authorized Officer of the Board notifying the Trustee and the applicable Credit Enhancer of such modification, addition or substitution, identifying the portion of such Project which is modified, added or substituted, and certifying that after such modification, addition or substitution, amounts on deposit in the subaccount of the Project Account relating to such Project, together with interest earnings thereon and any additional legally available sums of the Board deposited therein, will be sufficient to pay all remaining Costs of such Project, including Project Costs incurred in connection with such modification, addition or substitution and any Project Costs which shall have accrued but remain unpaid as of such date, (iii) to the extent that the modification, addition or substitution involves Equipment, either the items of substituted Equipment have a useful life equal to or greater than the useful life of the items of Equipment for which it has been substituted or the Credit Enhancer, if any, of the Certificates which shall finance the acquisition of such Equipment approves of a shorter useful life for such substituted Equipment, (iv) the Plans and Specifications, the Project Description, the Project Budget and the Project Schedule for such amended or modified Project are each amended, as necessary, to take into account the portion of such Project which is modified, added or substituted, (v) title to the substituted, added or modified portion of the Project shall be in the name of either the Board or the Corporation, in the same manner that title to the Project was held (vi) to the extent that the modification or substitution involves Equipment, the substituted, added or modified Equipment shall be placed in the same Group as the Equipment for which there has been a substitution or the Credit Enhancer, if any, of the Certificates which shall finance the acquisition of such Equipment approves of the substituted or modified Equipment being placed in a different Group, (vii) no change shall be made in the schedule of Basic Rent Payments and (viii) the Board has arranged for recording of all UCC Statements allowed to be filed to give notice of the Corporation's and Trustee's interest in any additional or substitute Equipment. If the total Costs of such Project exceed the amount estimated therefor, as a condition precedent to such modification, addition or substitution, the Board shall take the actions set forth in Section 3.05 hereof. The Board agrees not to lease-purchase any Equipment hereunder except to the extent same constitute "educational facilities" as determined by the Department or otherwise permitted by applicable law.

(c) For purposes of this Lease Agreement, all materials and services in respect of which amounts are paid by the Trustee for the acquisition, construction and installation of a Project (including moneys disbursed pursuant to Section 6.04 of the Trust Agreement for Costs of Issuance) shall be deemed accepted by the Board hereunder upon execution of a Lease Schedule and the Board shall thereby be deemed to have agreed that it has received valuable consideration for the portion of the Basic Rent representing Costs of Issuance and will pay the Lease Payments in respect of same. The provisions of this Section 3.03(c) shall not in any way limit or affect the Corporation's or the Board's rights to pursue warranty or other claims arising therefrom against any contractor, vendor or supplier of labor or materials of a Project, or any portion thereof. Each Requisition executed by the Board and submitted to the Trustee shall certify that the Board has inspected and accepted the portion of the Project which is the subject of such Requisition for purposes of this Lease.

(d) The Corporation and the Board further agree to assure that, where applicable, the Contractors and Developers of a Project involving construction of a

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of the Project Account relating thereto, together with interest earnings thereon, is not sufficient to pay such Project Costs and complete the acquisition, construction and installation of such Project, then either (a) the Board shall deposit to the credit of such subaccount of the Project Account the additional funds necessary to reduce such deficiency to zero (as certified to the Trustee and the Credit Enhancer in writing by an Authorized Officer of the Board), or (b) shall provide to the Corporation, the Credit Enhancer and the Trustee an amended Project Budget certified to the applicable Credit Enhancer, Corporation and the Trustee as accurate in writing by an Authorized Officer of the Board and showing changes to such Project the result of which is to eliminate such insufficiency and maintain for the Project a fair rental value at least as great as the Project prior to such substitution or modification.

#### SECTION 3.06. WARRANTIES; DISCLAIMERS.

The Board, upon execution of a Requisition for any portion of a Project, thereby shall represent, without further act, that it has (a) thoroughly inspected such portion of such Project described therein, and (b) satisfied itself that such portion of such Project is suitable for its use, occupancy and purposes. THE CORPORATION (AND CONSEQUENTLY THE TRUSTEE AS ITS ASSIGNEE), NOT BEING THE VENDOR, THE DEVELOPER OR THE CONTRACTOR OF ANY PROJECT OR THE VENDOR'S AGENT, DEVELOPER'S AGENT OR CONTRACTOR'S AGENT, MAKES NO WARRANTY OR REPRESENTATIONS, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE TO, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY, OR CAPACITY OF THE MATERIAL OR WORKMANSHIP IN ANY PROJECT OR ANY WARRANTY THAT ANY PROJECT WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATIONS OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS OR SPECIAL METHODS. It is agreed that all such risks, as among the Corporation and the Board, are to be borne by the Board at its sole risk and expense, and the Board hereby agrees to look solely to the Vendors, Contractors or Developers of the Project for all such matters. THE CORPORATION (AND CONSEQUENTLY THE TRUSTEE AS ITS ASSIGNEE) MAKES NO PATENT WARRANTIES OR REPRESENTATIONS WHATSOEVER. THE CORPORATION (AND CONSEQUENTLY THE TRUSTEE AS ITS ASSIGNEE) SHALL NOT BE LIABLE FOR ANY ACTUAL, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES.

#### SECTION 3.07. UNEXPENDED MONEYS.

The Corporation and the Board agree that unexpended moneys remaining in a subaccount of the Costs of Issuance Account funded from a Series of Certificates, shall, upon payment in full of Costs of Issuance relating to such Series, be deposited in the subaccount of the Project Account relating to such Series of Certificates and such subaccount of the Costs of Issuance Account shall be closed. Thereafter, any excess moneys remaining in a subaccount of the Project Account funded from a Series of Certificates shall, on the Completion Date, be applied in accordance with Section 6.03 of the Trust Agreement.

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Building carry appropriate performance bonds, agree to liquidated damages in an amount not less than that portion of the Lease Payment related to such Building computed on a daily basis for construction and delivery delays equal to the pro-rata portion for such building and comply with workers' compensation laws and affirmative action standards of the Board, provided, however, that this provision shall not apply to any contract the total payments on which do not exceed \$50,000. Proceeds of liquidated damages received by the Corporation or the Board shall be deposited, before the Completion Date, into the subaccount of the Project Account relating to such Project and, after the Completion Date, into the subaccount of the Interest Account relating to such Project to be held for Basic Rent Payments; provided, however, that if liquidated damages are to be imposed through withholding payment from the Contractors, then the Board shall direct the Trustee to withdraw from the subaccount of the Project Account relating to such Project an amount equal to said liquidated damages and to deposit such amount in the subaccount of the Interest Account relating to such Project.

(e) The Estimated Completion Date of a Project may be extended for a period of greater than six months only if the Trustee shall have received (i) an opinion of Special Counsel that such extension will not cause the Interest Component on the Basic Rent Payments to become includible in gross income of the recipients thereof for the purpose of federal income taxation and (ii) the prior written consent of the applicable Credit Enhancer for such Project. The Board shall take possession of each Project, or portion thereof, upon delivery and acceptance and, where applicable, substantial completion of installation thereof. No delay in the completion of a Project, or any portion thereof, nor any extension of the Estimated Completion Date as permitted herein shall relieve the Board of its obligation to pay the Lease Payments to the extent provided herein.

(f) Each of the Corporation and the Board shall at all times keep title to each Project and its interest hereunder and under any Ground Lease and the Premises free and clear of all liens and encumbrances created by or through itself of every kind whatsoever, except Permitted Encumbrances.

#### SECTION 3.04. PAYMENT OF COSTS OF ISSUANCE.

Payment of Costs of Issuance for each Series of Certificates shall be made pursuant to a Schedule of Costs of Issuance executed by an Authorized Officer of the Board at the time of issuance of each Series of Certificates, or by Requisitions from moneys deposited with the Trustee in the subaccount of the Costs of Issuance Account established for such Series. Costs of Issuance shall be disbursed in accordance with and upon compliance with Section 6.04 of the Trust Agreement.

#### SECTION 3.05. LIMITATIONS ON ACQUISITION AND CONSTRUCTION.

The amount of moneys available under the Trust Agreement to pay for Project Costs and Costs of Issuance for each Project is limited to an aggregate dollar amount of not more than the Maximum Cost provided in the Lease Schedule for such Project. If the Board agrees to an increase in the cost with respect to any portion of a Project or there is a cost overrun as a result of a substitution or modification in a Project as described in Section 3.03(b) hereof, and in either case, the amount in the subaccount

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#### SECTION 3.06. APPOINTMENT OF AGENCY.

(a) The Corporation hereby appoints the Board as its agent to carry out all phases of the acquisition, construction and installation of the Projects and the Board, as agent of the Corporation, assumes all rights, duties, responsibilities and liabilities of the Corporation regarding acquisition, construction and installation of the Projects, except as limited herein.

(b) The Board, as agent of the Corporation, may enter into any purchase order, agreement or contract required for acquisition, construction and installation of a Project, or any portion thereof, including a turn-key Construction Contract with a Developer, upon being assured that moneys sufficient for the payment thereof are then on deposit in the subaccount of the Project Account related thereto. Each such purchase order, agreement and contract shall be executed by the Board, as agent for the Corporation, in accordance with Section 6A-2, Florida Administrative Code. The benefits of all bids received by the Board for the components of a Project shall be deemed to be assigned by the Board to the Corporation. The Board shall comply with all applicable laws in letting contracts or purchase orders in regard to the acquisition, construction and installation of a Project.

(c) Prior to the Completion Date for such Project, the Board, as agent of the Corporation, shall have the right to make any changes in the description of a Project or modify or substitute components thereof, or of any component or portion thereof, whenever the Board deems such changes to be necessary and appropriate; provided, however, that the Board must comply with the provisions of Section 3.03(b) hereof.

(d) The Board, as Agent of the Corporation, shall have sole responsibility for, and shall supervise acquisition, construction and installation of each Project. The Board shall monitor the performance by each Vendor, Developer or Contractor to the extent the Board deems appropriate. The Board shall permit the Corporation, or its assignee, to inspect each Project at any and all reasonable times; provided, however, the Corporation shall have no duty to do so.

(e) The Corporation hereby assigns to the Board all rights and powers to enforce and execute in its own name or the name of the Corporation such purchase orders, agreements or contracts as are required for each Project which enforcement may be at law or in equity; provided, however, that the assignment made by the Corporation herein shall not prevent the Corporation, or its assignee, from asserting said rights and powers on its own behalf following written notice to the Board.

(f) The Corporation shall not be responsible for payment of, nor shall it pay or permit to be paid by the Trustee pursuant to the Trust Agreement, any amount for a Project in excess of the amount available therefor in the subaccount of the Project Account related thereto held by the Trustee pursuant to the Trust Agreement. The Board shall pay said excess amount as provided in Section 3.05 hereof.

(g) The Corporation, or its assignee, shall have the right to inspect periodically the books and records of the Board relating to each Project, and the Board shall permit the Corporation, or its assignee, to make such inspection thereof at all

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reasonable times as the Board shall deem appropriate; provided, however, neither the Corporation nor its assignee shall have any duty to do so.

(h) The Board agrees that it will be the sole responsibility of the Board that each Project will be acquired, constructed and installed in accordance with the Plans and Specifications, as the same may be amended from time to time as permitted herein. The Board shall be obligated, subject to the conditions stated herein, to pay in full the Lease Payments regardless of whether such Project is acquired, constructed or installed in accordance with the Plans and Specifications.

(i) The Board shall use its best efforts to acquire, construct and install each Project by the dates set forth in the Project Schedule relating thereto. The Board hereby agrees to use its best efforts to obtain, in each Construction Contract, provisions such that if the acquisition, construction or installation of any portion of such Project has not been completed by the Contractor or Developer through the fault of such Contractor or Developer by such dates, the Board shall assess liquidated damages provided in such Construction Contract against the Contractor or Developer for each day completion is delayed in an amount equal to the part of the Lease Payments associated with such portion of such Project not completed, prorated to obtain a daily rate.

(j) To the extent that a Project consists of the acquisition of Land (rather than improvements to real property), nothing in this Lease Agreement shall be construed to prohibit the acquisition of such Land by the exercise of the power of eminent domain so long as the title to or a Ground Lease for such real property will ultimately vest in the Corporation and so long as such acquisition shall be permitted by applicable law. The Corporation hereby agrees to take all action reasonably requested by the Board, at the Board's cost and expense, to enable the Board to institute and prosecute successfully any eminent domain proceedings so instituted by the Board.

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coming due on each Basic Rent Payment Date on the third day prior to each such Basic Rent Payment Date, subject to the provisions of Sections 4.06 and 7.01 hereof. THE BOARD SHALL NOT BUDGET AND APPROPRIATE AVAILABLE REVENUES FOR A PORTION OF THE PROJECTS LEASED PURSUANT TO THIS LEASE AGREEMENT; IT MUST BUDGET AND APPROPRIATE FOR ALL OF THE PROJECTS LEASED PURSUANT TO ALL THE LEASE SCHEDULES TO THIS LEASE AGREEMENT OR NONE OF THEM. All Basic Rent Payments shall be paid in arrears. The Board shall pay the Basic Rent due hereunder to the Trustee at its Principal Office and the Trustee shall apply same as provided in the Trust Agreement. To the extent that moneys have been deposited and are available with the Trustee from the proceeds of a Series of Certificates for the purpose of paying all or a portion of Basic Rent relating to a Project pursuant to Section 6.01 of the Trust Agreement, the Board shall not be required to transfer funds to the Trustee for payments of such Basic Rent, and the Board shall receive a credit against its obligation to pay such Basic Rent for such amounts on deposit with the Trustee.

(c) Each annual aggregate payment of Basic Rent due hereunder shall be for the right to possess the Projects for each Fiscal Year in which moneys have been appropriated by the Board to pay the Basic Rent coming due in such Fiscal Year, provided that the (i) Basic Rent for the period for which a portion of the proceeds of a Series of the Certificates have been deposited with the Trustee shall be paid from such proceeds, it being hereby acknowledged that said moneys constitute special funds held by the Trustee pursuant to this Lease Agreement and the Trust Agreement to be applied for such purpose, and (ii) if the first Basic Rent Payment due hereunder shall not be due until after the end of the Fiscal Year in which Commencement Date occurs, the Board shall have the right to possess the Projects until the end of such Fiscal Year.

(d) Commencing with the first Basic Rent Payment Date for each Project and on each Basic Rent Payment Date thereafter, there shall be applied as a credit (provided there are no delinquent Basic Rent Payments) against the aggregate applicable amount of Basic Rent payable on such Date an amount which shall be stated in a report of the Trustee given to the Board pursuant to Section 6.11 of the Trust Agreement, which amount shall be equal to the sum of (i) the amount of interest and other income (net of rebate) deposited in the Interest Account pursuant to Section 6.05 and 6.10 of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement, (ii) the amount of moneys, if any, transferred to the Interest Account and Prepayment Fund pursuant to Section 6.03(e) of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement, (iii) the amount of moneys, if any, transferred to each subaccount of the Interest Account pursuant to Section 6.07 of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement, plus (iv) the amount, if any, on deposit in each subaccount of the Principal Account and Interest Account on the date of the report made by the Trustee pursuant to Section 6.11 of the Trust Agreement which is not derived from the sources described in clauses (i), (ii) and (iii) above. In the event that the total amount of credit exceeds the applicable Basic Rent due on the Basic Rent Payment Date, the amount of said excess shall be applied as a credit against subsequent Basic Rent Payments. In addition, the Basic Rent may be reduced if the Board prepays any or all of the Basic Rent. Whenever moneys in the

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#### ARTICLE IV

#### LEASE OF PROJECTS; LEASE PAYMENTS

##### SECTION 4.01. LEASE OF PROJECTS.

In consideration of the payment by the Board to the Corporation, or its assignee, of the Lease Payments and for other valuable consideration, the Corporation hereby leases from time to time each Project to the Board upon the terms and conditions contained herein, as modified by the Lease Schedule relating to such Project. The Board may modify each Project or may substitute or dispose of components or portions of a Project as provided in Sections 3.03(b), 5.13 and 5.14 hereof.

##### SECTION 4.02. TERM OF AGREEMENT.

Effective as of the Commencement Date described in the Lease Schedule relating to each Project, the Corporation agrees to rent and lease to the Board and the Board agrees to rent and lease from the Corporation each such Project for the Initial Lease Term. The Initial Lease Term of each Project shall commence on the Commencement Date relating thereto and terminate on the Initial Lease Termination Date relating thereto. Unless this Lease Agreement is terminated pursuant to Sections 4.06, 7.01 or 7.03 hereof, this Lease Agreement will automatically be renewed on the Initial Lease Termination Date for each Project and each succeeding Renewal Term Termination Date relating thereto for the next succeeding Renewal Lease Term until all Lease Payments in regard to all the Projects described in Lease Schedules hereto shall be made and the Certificates are no longer Outstanding. Each Renewal Lease Term shall be for a period of one (1) year. The number of Renewal Lease Terms plus the Initial Lease Term for a Project shall not exceed the Maximum Lease Term described in the Lease Schedule for such Project.

##### SECTION 4.03. LEASE PAYMENTS.

(a) For the right to use and possession of each of the Projects, the Board shall, subject to the provisions of Sections 4.06 and 7.01 hereof, pay to the Trustee, as assignee of the Corporation, the Basic Rent and the Supplemental Rent as hereinafter described.

(b) The Board agrees to pay as lease rental hereunder for each Project, the Basic Rent no later than the fifteenth (15th) day prior to the Basic Rent Payment Dates as set forth in the Lease Schedule relating thereto, as the same may be modified or amended from time to time by the Trustee, as assignee of the Corporation, following any prepayment of Basic Rent for the lease of such Project. Basic Rent Payments consist of a Principal Component and an Interest Component which shall be stated in each Lease Schedule. The portion of Basic Rent attributable to the Interest Component shall not exceed the maximum rate permitted by Section 215.84, Florida Statutes. Each Project may be divided into Groups of leased property as described in the Lease Schedule relating thereto. The Principal Component and Interest Component attributed to each Group of leased property shall be provided in the Lease Schedule relating thereto. The Board hereby agrees that it shall make all Basic Rent Payments

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Lease Payment Fund, in respect of a Series of Certificates, together with the moneys, if any, in any sub-account of the Reserve Account established pursuant to a Supplemental Trust Agreement for such Series of Certificates, shall be sufficient to pay the principal of, prepayment premium, if any, Amortization Installments, and interest on all such Certificates Outstanding, the moneys in such sub-account of the Reserve Account shall be deposited in the Interest Account and the Principal Account as required to pay the Certificates, and no further Basic Rent Payments shall be required hereunder. Should any Basic Rent be paid later than the Basic Rent Payment Date to which such Basic Rent pertains, such Basic Rent shall bear interest at the Overdue Rate from such Basic Rent Payment Date to and inclusive of the date of actual payment.

(e) In addition to the Basic Rent, the Board hereby agrees to pay and discharge from time to time as provided herein, as Supplemental Rent, all other amounts, liabilities and obligations which the Board assumes or agrees to pay to the Corporation, the Trustee or to others with respect to this Lease Agreement, the Trust Agreement or the Projects, together with interest on any overdue amount, at the Overdue Rate or the Late Payment Rate, as applicable, to the date of actual payment. Supplemental Rent shall include, but not to be limited to, any prepayment premium attributable to the Certificates, the reasonable fees and expenses (including counsel fees) incurred by the Trustee pursuant to the Trust Agreement, an amount necessary to replenish deficiencies in the Reserve Account as provided in the Trust Agreement, reasonable expenses of the Corporation relating to the lease of the Projects, and all ongoing expenses relating to the financing of the Projects. The Supplemental Rent shall be paid to Trustee for application in accordance with the terms hereof and of the Trust Agreement.

To the extent, if any, not covered by the foregoing, the Board shall pay as Supplemental Rent the following amounts:

- (i) All reasonable fees, charges and expenses, including agent and counsel fees, of the Trustee and the Paying Agents incurred under the Trust Agreement, as and when the same become due.
- (ii) All costs incident to the payment of the principal of, premium, if any, and interest on the Certificates as the same become due and payable, including all costs and expenses in connection with the call, redemption and payment of the Certificates.
- (iii) An amount sufficient to reimburse the Lessor for all expenses reasonably incurred by the Lessor under the Lease Agreement and in connection with the performance of the Lessor's obligations under the Lease Agreement or the Trust Agreement.
- (iv) All expenses incurred in connection with the creation or maintenance of the Lessor as a corporate entity or the enforcement of any rights under the Lease Agreement or the Trust Agreement by the Lessor, the Trustee or the Certificate Owners.

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- (v) All other payments of whatever nature which the Board has agreed to pay or assume under the provisions of the Lease Agreement or the Trust Agreement.

(i) The Board hereby authorizes the Trustee, as assignee of the Corporation, (j) to create a Reserve Account to be held by the Trustee under the Trust Agreement and to create a separate subaccount within such Reserve Account for any Series of Certificates, as provided in the Supplemental Trust Agreement authorizing such Series, unless otherwise provided by the Lease Schedule relating thereto, (ii) to fund the requirements of such subaccount of the Reserve Account from the sale of the Series of Certificates relating thereto or to use such subaccount of the Reserve Account as set forth in Section 6.07 of the Trust Agreement. In the event of any deficiency in such a sub-account of the Reserve Account, the Board shall pay to the Trustee from moneys budgeted and appropriated during the applicable Fiscal Year as Supplemental Rent an amount equal to such deficiency within thirty (30) days of receipt of notice of the deficiency from the Trustee.

(g) The Board hereby agrees to deposit with the Trustee as required from time to time, any amounts required to be deposited in the Rebate Fund pursuant to Section 6.12 of the Trust Agreement. Such amounts shall be deemed Supplemental Rent hereunder. The obligation of the Board to pay such rebate requirement shall survive a Default or Event of Non-Appropriation, termination of this Lease Agreement and payment of all Outstanding Certificates; provided, however, the Board shall be liable only for such rebate requirement which would be owing to the United States Treasury if the same became due at the time of the termination of the Lease Agreement.

#### SECTION 4.04. PAYMENT IN LAWFUL MONEY; NO SET-OFF.

Each Lease Payment shall be paid by the Board in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, to or upon the order of the Corporation at the Principal Office of Trustee or at such other place as the Corporation, or its assignee, shall designate. Notwithstanding any dispute between the Board and the Corporation, but in all events subject to Section 4.06 and 7.01 hereof, the Board shall make or cause to be made cash and all Lease Payments when due and shall not withhold or permit to be withheld any Lease Payments pending the final resolution of such dispute nor shall the Board assert or permit to be asserted any right of set-off, abatement or counterclaim against the obligation to make Lease Payments as set forth herein.

#### SECTION 4.05. SOURCE OF LEASE PAYMENTS.

(a) The Board represents and warrants that for each Initial Lease Term and upon the renewal hereof for any Renewal Lease Term for Projects the obligation of the Board to make Lease Payments hereunder, for such Fiscal Year of the Board, shall constitute a current expense of the Board and shall not in any way be construed to be a debt of the Board in contravention of any applicable constitutional, regulatory or charter limitations or requirements concerning the creation of indebtedness by the Board. The Board hereby agrees that it will include in its budget, as finally adopted for each Fiscal Year, the line item appropriation for the Lease Payments in such year

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(e) In the event the Interest Component of a Basic Rent Payment for the lease of a Project shall be calculated on a variable rate basis, the Board agrees that, subject to Section 7.01 hereof, it shall budget for the payment of such Interest Component for each Fiscal Year an amount equal to such Interest Component which would be payable if it were calculated at the lesser of (i) the maximum interest rate the Variable Rate Certificates shall have borne during the immediately preceding 12 month period ending with the month prior to adoption of such budget, or (ii) the Maximum Interest Rate relating to such Variable Rate Certificates.

#### SECTION 4.06. OPTIONAL PREPAYMENT; DEFEASANCE.

(a) The Board shall have the option, so long as no Event of Default or Event of Non-Appropriation hereunder has occurred and is continuing, from any moneys then available for such purpose, on any Optional Prepayment Date for a Series of Certificates relating to a Project, to prepay all or a portion of the Basic Rent relating to such Project or Group within such Project upon not less than forty-five (45) days written notice given prior to such Optional Prepayment Date to the Trustee and any Credit Enhancer accompanied by the deposit of the amount of such prepaid Basic Rent plus any applicable prepayment premium with the Trustee not less than thirty-five (35) days prior to the applicable Optional Prepayment Date. Optional prepayments made pursuant to this Section 4.06 may be allocated to a particular Project, or any Group of leased property within a Project. Any prepayment notice delivered to this Section 4.06(a) shall state (i) that the Board is exercising its right of prepayment pursuant to Section 4.06(a) of the Lease Agreement, (ii) the amount of such prepayment and the Lease Schedule or Lease Schedules to which it pertains, (iii) the Optional Prepayment Date to which such prepayment applies, (iv) the amount of prepayment applicable to a Project or Group within a Project and, therefore, to the Series of Certificates and maturities of such Series relating thereto, and (v) that the deposit with the Trustee of such prepaid amount constitutes an irrevocable option of the Board to prepay Basic Rent in the amount of such prepayment. Each prepayment shall be in an amount equal to a principal amount of Certificates (in denominations of \$5,000 or any whole multiples thereof in the case of Capital Appreciation Certificates) to be prepaid on such Optional Prepayment Date, plus the Prepayment Premium, if any, applicable to a prepayment of Certificates on the Optional Prepayment Date designated by the Board in such notice of prepayment, all as provided in the Trust Agreement. Interest on Certificates to be prepaid pursuant to an optional prepayment under this Section accrued to the Optional Prepayment Date set forth in the notice of prepayment above shall be paid by the Trustee from moneys on deposit in the account of the Prepayment Fund and the subaccount of the Interest Account which are pledged to the payment of such Certificates.

(b) In the event of a prepayment, in part, of Basic Rent Payment for a Project or Group within a Project, such Basic Rent Payments provided in the Lease Schedule relating thereto shall be adjusted downward by the Trustee to reflect the reduction in the Principal Component and Interest Component of the remaining Basic Rent resulting from such prepayment. Such adjustment shall be done in such manner as to match remaining payments of Basic Rent provided in such Lease Schedule with principal and interest coming due on Certificates which remain Outstanding related thereto.

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as described in subsection (b) above unless the Board shall adopt a resolution containing an express finding to terminate this Lease Agreement. The Board hereby further agrees that, to the extent permitted by the laws of the State, applicable constitutional, regulatory or charter limitations or requirements and to the extent permitted under the Code, it shall use its best efforts to apply, on a first priority basis, any funds appropriated by it to the Operation of Plant line item to the Lease Payments due hereunder. THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES AND NEITHER THE BOARD, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE LEASE AGREEMENT EXCEPT FROM AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD. THE CERTIFICATE PAYMENTS OF PRINCIPAL AND INTEREST AND THE PAYMENTS DUE FROM THE BOARD UNDER THE LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

(b) All payments of Basic Rent required to be made by the Board under this Lease Agreement shall be made when due without notice or demand, and, subject to Section 7.01 hereof, shall be absolute and unconditional and without any set-off, counterclaim, abatement, deduction or defense (other than payment) whatsoever, including but not limited to the construction of the Project. The Board shall not make partial payment of the Basic Rent coming due on any Basic Rent Payment Date in respect of a Series of Certificates.

(c) Subject to Section 7.01 hereof, the Board hereby covenants to direct its Superintendent to provide for the Lease Payments in each annual proposed Budget which shall be submitted to the Board. Except as otherwise provided in Section 7.01 hereof, the Board agrees to take such action as may be necessary to include all Lease Payments (other than Lease Payments to the extent paid from Certificate proceeds) due hereunder as a separately stated line item in its Budget and to appropriate in each Fiscal Year from Available Revenues an amount necessary to make the Lease Payments due in such Fiscal Year. During the term of this Lease Agreement, the Board will furnish to the Trustee, as assignee of the Corporation, and each Credit Enhancer a copy of the portion of each official tentative and final Budget of the Board relating to such line item within twenty (20) days after it is printed. Anything in this Lease Agreement or the Trust Agreement notwithstanding, the Board and the Corporation agree that this Lease Agreement, the Trust Agreement and all of the Board's obligations to make the Lease Payments are subject to, and can be terminated by the Board upon the happening of, an Event of Non-Appropriation as described in Section 7.01 hereof.

(d) The Board hereby agrees that within three Business Days after the adoption or approval of either the tentative or the final Budget which does not include the full amount of the Lease Payments, it will give notice of the fact to the Trustee and each Credit Enhancer.

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(c) So long as no Event of Default or Event of Non-Appropriation has occurred and is continuing, the Board may secure the payment of Basic Rent for a Project or Group within a Project by a deposit with the Trustee, as provided in Section 12.01 of the Trust Agreement, of either (i) an amount of cash which is sufficient to pay such Basic Rent, including the Principal Component, Interest Component and Prepayment Premium, if any, on the Basic Rent Payment Dates or Optional Prepayment Dates, if applicable, and the Supplemental Rent, if any, which may then be due or is anticipated to be due subsequent to such deposit, or (ii) Refunding Securities, together with cash, if required, in such amount as will, together with interest to accrue thereon, be fully sufficient to pay such Basic Rent including the Principal Component, Interest Component and Prepayment Premium, if any, on their Basic Rent Payment Dates or Optional Prepayment Dates, if applicable (as verified by a firm of independent certified public accountants), and the Supplemental Rent, if any, which may then be due or which is anticipated to be due subsequent to such deposit. Upon the Board meeting the requirement of this Section 4.06(c) hereof and Section 12.01 of the Trust Agreement, the Corporation shall be entitled to payment of such Basic Rent Payments solely from such cash and/or Refunding Securities.

(d) In the event Refunding Certificates are issued, the schedule of Basic Rent Payments for each Project and Group within a Project affected by such Refunding Certificates shall be adjusted by the Trustee to take into account the change in the Principal Component and Interest Component which would result from said Refunding Certificates.

(e) In the event the Board prepays Basic Rent for a Group within a Project pursuant to Sections 4.06(a) or 4.06(c) hereof, such Prepayment shall be allocated, to the extent practicable, to maturities of Certificates relating to such Group. In the event of a deposit with the Trustee as provided in Section 12.01 of the Trust Agreement which has the effect of defeasing a Series of Certificates and such Series of Certificates are no longer Outstanding, all covenants, agreements and other obligations of the Board under this Lease Agreement with respect to such Series of Certificates shall cease, terminate and become void, except the obligation of the Board to make or cause to be made, Basic Rent Payments and Supplemental Rent from the deposit made by the Board pursuant to such Section. The obligations of the Board concerning compliance with the Code and the Board's obligations of indemnity and to pay the costs and expenses of the Corporation and the Trustee shall survive such defeasance.

#### SECTION 4.07. TITLE.

(a) Until the date on which payment, or provision for payment as provided in Section 4.06(c) hereof, of the Lease Payments relating to a Project or a Group within a Project, other than Designated Equipment, has been made, title to such Project or Group within a Project (including all substitutions thereto) upon acquisition, construction and installation thereof as to land and equipment, that the Corporation has agreed to accept title to shall remain vested in the Corporation, subject to Permitted Encumbrances and subject to the terms of the Trust Agreement. At such time as payment, or provision for payment as provided in Section 4.06(c) hereof, of all Lease Payments relating to a Project or Group within a Project, other than Designated Equipment, has been made in full, the Board or its designee shall be considered to have exercised an option to purchase the Corporation's interest in such Project or

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## ARTICLE V

### COVENANTS; REPRESENTATIONS AND WARRANTIES

#### SECTION 5.01. THE BOARD'S GENERAL COVENANTS.

The Board agrees that this Lease Agreement shall continue in full force and effect, subject to the provisions relating to termination hereof, regardless of the inability or unwillingness of the Board to use any Project because of any reason whatsoever, including, but not limited to, war, act of God, war, strike, loss or damage, condemnation, defect, obsolescence or breach of warranty. The Board covenants and represents that this Lease Agreement and the performance of the Board's obligations hereunder have been duly approved, authorized, executed and delivered with all proper procedures fully complied with, and that this Lease Agreement is valid, legal and binding obligation of the Board enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and equitable principles. The Board further covenants and represents as follows:

(a) The Board is a duly created school board existing under the laws of the State of Florida and is the governing body of the District.

(b) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization or performance of, or expenditure of funds pursuant to, this Lease Agreement.

(c) The Board shall only lease Projects for which it has an immediate need, which serve an essential public purpose and of which it expects to make immediate use, which need shall not be temporary or be expected to diminish during the Maximum Lease Term related thereto.

(d) Prior to leasing any Project hereunder the Board shall certify to the Trustee that there are no circumstances presently known to the Board affecting the Board that could reasonably be expected to alter its foreseeable need for such Project or adversely affect its ability or willingness to budget Available Revenues for the payment of sums due hereunder.

(e) Prior to leasing any Project hereunder the Board shall review its projected revenues, expenses and Available Revenues for the proposed Maximum Lease Term and shall not lease such Project unless it reasonably expects that it shall have on hand Available Revenues sufficient to timely make all payments as they become due under this Lease Agreement during the term this Lease Agreement is anticipated to be outstanding.

(f) Subject to the provisions of Section 7.01 of this Lease Agreement, the Board intends to make appropriations for Lease Payments for each Fiscal Year, only from Available Revenues.

(g) All requirements for approval of the Project or the Certificates by the Department and all procedures required by applicable law regarding the award or

Group within a Project, as the case may be and fee simple title to such Projector Group within a Project free and clear of all encumbrances, except Permitted Encumbrances (other than the applicable Ground Lease, if any), shall vest automatically in the Board or its designee. Such title to a portion of the Project which has been substituted for pursuant to Section 5.14 hereof and a portion of a Project disposed by the Board pursuant to Section 5.13 hereof shall vest automatically in the Board free and clear of any Leasehold Estate in the Corporation. At such time the Corporation shall deliver any and all documents required to assure vesting of title and the termination of the Corporation's interest in such Project or group hereunder. The Corporation hereby appoints the Board as its agent to prepare and file or record in appropriate offices such documents as may be necessary to cause record title to such Project or Group within a Project to be in the Board or its designee.

(b) Title to all Designated Equipment (and land and equipment that the Corporation has not agreed to accept title to) shall, upon acquisition thereof, vest in the Board. If this Lease Agreement is terminated pursuant to Sections 7.01 or 7.03 hereof prior to the time Basic Rent Payments for Designated Equipment have been made in full by the Board, the Board agrees peaceably and immediately to convey by bill of sale each and every item of Designated Equipment for which Basic Rent Payments have not been made to the Corporation or its assignee and to deliver possession thereof within seven days of such termination in accordance with the terms hereof; provided, however, that the identification of the items of personal property constituting such Designated Equipment shall be in the sole and absolute discretion of the Board. The foregoing provisions of this Section 4.07(b) are hereby specifically made subject to Section 7.03(b) hereof. Section 7.03(b) limits the Corporation's remedies with respect to the enforceability of the agreement to reconvey the Designated Equipment set forth in this Section 4.07(b) and provides that the Board may in no event be subject to involuntary dispossession or other loss of use of or title to the Designated Equipment.

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negotiation of contracts relating to the acquisition, construction and installation of a Project will be complied with by the Board.

(h) At the Corporation's or the Trustee's request, the Board shall execute and deliver to the Corporation or the Trustee all instruments and do all other acts reasonably necessary to effectuate the intent of this Lease Agreement.

(i) The Board shall permit the Corporation and the Trustee, and their representatives and agents, at all reasonable times, to inspect the Projects; provided, however, that the Trustee and the Corporation are not obliged to make any inspections of the Projects.

(j) The Board shall promptly correct (or cause the Vendor, Contractor or Developer to correct) any defect in the acquisition, construction and installation of a Project or departure from the Plans and Specifications related thereto, except to the extent said Plans and Specifications are modified pursuant to the provisions hereof.

(k) The Board shall give the Trustee and the applicable Credit Enhancer prompt written notice of any material litigation or proceedings concerning the Board or any Project and of any dispute concerning the Board or any Project if the dispute may substantially interfere with the timely acquisition, construction and installation of such Project or with the Board's ability to meet its obligations under this Lease Agreement.

(l) The Board shall commence (or cause the Contractor or Developer to commence) construction of a Project involving construction of a Building and diligently pursue construction to completion of such Project on or before the Estimated Completion Date without permitting any lien, claim, or assessment (actual or contingent) to be asserted or filed against such Project for any material, labor, or other item furnished in connection with the construction, which claim, lien, or assessment is not satisfied or transferred to bond within twenty (20) days after it is asserted or filed. At all times during the acquisition and construction of such Project, the Board shall, or shall cause the Contractor or Developer to, comply with the Florida Mechanics' Lien Law, Chapter 713, or Section 255.05, Florida Statutes, as applicable, and with all requirements imposed by all governmental authorities having jurisdiction over the acquisition and construction and by all insurance underwriters providing insurance for such Project. Except for Construction Contracts which do not exceed \$100,000, the Board shall cause each Contractor or Developer to obtain and deliver to the Board performance payment bonds covering one hundred percent (100%) of the value or costs under each Construction Contract for the construction of such Project.

(m) In the case of a Project involving construction of a Building, the Board shall provide the Corporation, Credit Enhancer for the Certificates the proceeds for which shall be used to finance the acquisition and construction of such Project and the Trustee the following additional assurances:

(i) If requested and applicable, but only as and when available, all certificates of occupancy, footing or foundation surveys, "as built" surveys, certificates, appraisals, reports, endorsements, and agreements, the names of all Persons with whom the Board has contracted or intends to contract in

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connection with the acquisition, construction and installation of such Project, schedules of all statements for labor and materials for the acquisition, construction and installation of such Project together with copies of all statements, copies of all budget revisions concerning the acquisition, construction and installation of such Project indicating the funds required at any given time to complete such acquisition, construction and installation, and any other documents reasonably required to be furnished.

(ii) If requested, during the acquisition, construction and installation of such Project and upon completion of such acquisition, construction and installation, furnish (i) a quarterly status report of the progress of the construction and (ii) an Architect's or Engineer's written opinion to the effect that such Project, as constructed, complies with all restrictions recorded and with all applicable governmental laws, regulations, rules, ordinances, orders and codes relating to the construction thereof.

(iii) Furnish when available, a certificate of occupancy and all other similar certificates required to be issued by any governmental agency in connection with the acquisition, construction, installation or occupancy of such Project.

(n) In the case of a Project involving construction of a Building, the Board shall continuously employ or cause to be employed a licensed Engineer or Architect to supervise the acquisition, construction and installation of such Project.

(o) Simultaneously with the acquisition of any component of a Project constituting Land, the Corporation and the Board shall amend the Lease Schedule relating thereto to include a metes and bounds description of the Land so acquired.

(p) If an Event of Default or an Event of Non-Appropriation hereunder has occurred, at the Trustee's option, with the consent or at the direction of the applicable Credit Enhancer, the Trustee, as assignee of the Corporation, may make, but is not required to make, any or all subsequent disbursements from a subaccount of the Project Account directly to the Vendors, Contractors or Developers of the Project related to such subaccount. The Board's execution of this Lease Agreement and the related Lease Schedule constitutes an irrevocable authorization for the Trustee to make disbursements directly to such Vendors, Contractors or Developers. In the absence of negligence or misconduct on the part of the Trustee, the Board agrees that all disbursements made to the Vendors, Contractors or Developers shall constitute full performance of the Trustee's obligations to the Board under this Lease Agreement and the related Lease Schedule. The Trustee's decision to make a disbursement shall not constitute a waiver of any of the provisions of this Lease Agreement. If the Board is in default under this Lease Agreement and the Board is unable to cure its default, the Trustee's decision to make a disbursement shall not preclude the Trustee, as assignee of the Corporation, from declaring the Board in default under this Lease Agreement.

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**SECTION 5.02. ADDITIONAL COVENANTS, REPRESENTATIONS AND WARRANTIES.**

(a) The Board represents and warrants that execution of each Requisition by the Board for the payment of Costs of a Project shall constitute an affirmation of the completeness and accuracy of the following representations and warranties as of the date of such execution.

(i) The Board has delivered to the Trustee a complete, fully executed copy of the Construction Contracts, purchase orders and agreements for the acquisition, construction and installation of the Project described in such Requisition, and such contracts, purchase orders and agreements are presently in full force and effect according to their respective terms; the Board is not in default under such contracts, purchase orders and agreements; and the Board has no knowledge of any violation of such contracts, purchase orders and agreements.

(ii) There are no governmental actions or proceedings (except actions or proceedings that are fully covered by insurance) pending or, to the Board's knowledge, threatened affecting the Board or the Project described in such Requisition, which, if adversely determined, would substantially impair the Board's ability to perform its obligations under this Lease Agreement.

(iii) The Board knows of no violation and has no notice of a violation of any court order or of any law, regulation, ordinance, rule, order, code, or requirement of any governmental authority having jurisdiction over all or any portion of the Project described in such Requisition that may materially detrimentally affect the development and operations of such Project as planned.

(iv) In the case of a Project involving construction of a Building, all governmental permits and approvals required for the construction and installation of such Project have been obtained, except for permits which may be obtained in the normal course without undue delay or unusual expense and which the Board hereby covenants to obtain.

(v) All representations, warranties, covenants and agreements made by the Board in connection with this Lease Agreement may be relied upon by the Corporation and the Trustee notwithstanding any independent investigation made on behalf of the Corporation or the Trustee.

(b) All utility services necessary for the construction of the Project and the operation of the Project have been extended to the Project, including, but not limited to, water, storm and sanitary sewer facilities, electricity and telephone service or sufficient amounts have been deposited in the corresponding account of the Project Fund for such purpose.

(c) Except for drives located on the Project, the rights of way for all roads necessary for the proposed utilization of the Project have either been acquired by the appropriate governmental authority or dedicated to and accepted by the appropriate governmental authority or easements satisfactory to the Corporation and any Credit

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coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of the Projects, or the aggregate coverage of all such policies on the Projects shall at least equal the Principal Component of the Basic Rent Payments then remaining unpaid, whichever is greater (except that such insurance may be subject to deductible clauses not to exceed \$100,000 in the aggregate for any one loss). Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Board, and except as provided in a Supplemental Trust Agreement for a Project, may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 hereof. The Net Proceeds of such insurance shall be applied as provided in Section 5.06 hereof.

Flood insurance shall be separately maintained for any property included in a Project which is located in a federally designated flood plain, in such amounts per occurrence as are available at commercially reasonable costs and in minimum amounts necessary to qualify for Federal disaster relief programs.

**SECTION 5.06. NET PROCEEDS OF INSURANCE; FORM OF POLICIES.**

Each policy of insurance obtained pursuant to or required by Section 5.05 hereof which relates to the Projects shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the owners of the Certificates. All policies shall name the Lessee, the Corporation and the Trustee as insureds or additional insureds. Proceeds of self-insurance maintained pursuant to Section 5.05 and 5.07 hereof shall be paid by the Board to the Trustee for the benefit of the Owners of the Certificates. Copies of all policies of insurance required by this Lease Agreement shall be delivered to the Trustee. The Board shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement, and shall promptly furnish or cause to be furnished to the Trustee evidence of such payments. All such policies shall provide that the Trustee shall be given not less than thirty (30) days notice of each expiration, any intended cancellation and any intended reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or with the consent or at the direction of the applicable Credit Enhancer any adjustment, compromise or settlement of any loss agreed to by the Trustee.

**SECTION 5.07. SELF-INSURANCE.**

Any self-insurance maintained by the Board pursuant to the foregoing provisions, shall comply with the following terms:

(a) The self-insurance program shall be approved by each applicable Credit Enhancer and the Insurance Consultant:

(b) The self-insurance program shall include an actuarially determined claims reserve fund out of which each self-insured claim shall be paid; the adequacy of

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Enhancer have been established or sufficient amounts have been deposited in the corresponding account of the Project Fund for such purpose. All such roads are improved or, if not improved, all necessary steps have been taken by the Board and the responsible governmental authority to assure their completion before the date when access to the Project via such roads will be necessary. All curb cuts and traffic signals required in connection with the operation of the Project are complete or are approved for construction by all necessary governmental authorities.

(d) Notice of the inability of the Board to affirm the completeness and accuracy of the representations and warranties in Section 5.02(a) hereof in regard to a Requisition shall be promptly given to the applicable Credit Enhancer; however, such inability shall not cause the Trustee to not honor the request to pay the amounts described in such Requisition unless the Board is in default under this Lease Agreement.

**SECTION 5.03. QUIET ENJOYMENT.**

The parties hereto mutually covenant that the Board, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Lease Agreement peaceably and quietly have, hold and enjoy each Project without suit, trouble or hindrance from the Corporation.

**SECTION 5.04. PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE.**

The Board shall maintain or cause to be maintained, throughout the Lease Term, subject to the requirements of State law a standard comprehensive general accident and public liability insurance policy or policies in protection of the Board, the Corporation and the Trustee, their members, officers, agents, and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by the acquisition, installation or operation of the Projects. Said policy or policies shall provide coverage equal to the maximum liability limits set forth in Section 768.28, Florida Statutes, as the same may be amended from time to time, and in a minimum amount of \$1,000,000 for damage to property (subject, in each case, to a deductible clause of not to exceed \$25,000). Such liability insurance may be maintained as part or in conjunction with any other liability insurance coverage carried or required to be carried by the Board, and may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 hereof. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

**SECTION 5.05. FIRE AND EXTENDED COVERAGE INSURANCE AND FLOOD INSURANCE.**

The Board shall procure and maintain, or cause to be procured and maintained, throughout the Lease Term, subject to the requirements of State law, insurance against loss or damage to any part of the Projects by fire or lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended

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such fund shall be evaluated on an annual basis by the Insurance Consultant; and any deficiencies in the fund shall be remedied in accordance with the recommendations of the Insurance Consultant;

(c) The self-insurance claims reserve fund shall be held in a separate trust fund credited for the purpose of maintaining such self-insurance funds and shall be maintained by an independent trustee;

(d) In the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund shall be maintained; and

(e) The Board may obtain the required insurance coverages through a self-insured governmental pool which meets the criteria described above.

**SECTION 5.08. RISK OF LOSS; STIPULATED LOSS VALUES; USE OF PROCEEDS.**

(a) Between the Corporation and the Board, the Board hereby assumes the entire risk of loss, from any and every cause whatsoever to the Projects.

(b) Except as provided in Section 5.08(c) hereof, the Board shall cause the Net Proceeds relating to a Project of any insurance or condemnation award or of any appropriation made in connection with a self-insurance election received pursuant to Sections 5.05 and 5.07 hereof and of any title insurance award in excess of the Replacement Amount for such Project to be applied to the prompt repair, restoration or replacement of such destroyed, damaged, lost or condemned Project (which repair, restoration or replacement property shall become part of such Project). The title to all replacement portions to such Project, shall be held in the same manner as the portion replaced. Except as otherwise provided herein, any such Net Proceeds shall be deposited with the Trustee in the subaccount of the Project Account from which the acquisition and construction of such Project was financed and shall be disbursed by the Trustee in accordance with the Trust Agreement; provided, however, that any amounts remaining after completion of such repair, restoration or replacement shall be paid to the Board. If such Net Proceeds are insufficient to pay for such repair, restoration or replacement, the Board shall (from the Board's Available Revenues) simultaneously deposit the amount of such deficiency with the Trustee, which deficiency shall constitute Supplemental Rent. Any Net Proceeds of insurance or condemnation award or of any appropriation made in connection with self-insurance election which is equal to or less than the Replacement Amount for such Project may, at the option of the Board, be deposited to the subaccount of the Interest Account relating to Certificates which financed or refinanced such Project.

(c) The Board may elect not to repair, restore or replace a Project which has been destroyed, damaged, lost or condemned, or any portion thereof, with the Net Proceeds of any insurance or condemnation award or of any appropriation made in connection with a self-insurance election, by filing a certificate with the Trustee and the applicable Credit Enhancer stating that (i) it has made such election, (ii) it is not in the best interests of the Board to repair, restore or replace such Project, or portion thereof, and (iii) the Board intends to abandon and cease to operate such Project, or portion thereof, damaged, destroyed, lost or condemned; provided, further, there shall be a Mandatory Prepayment in the amount of the Stipulated Loss Value (as hereinafter

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described) of the Project, or portion thereof, which is not repaired, restored or replaced, and if the Net Proceeds are insufficient therefore, the deficiency shall constitute Supplemental Rent hereunder and shall be immediately due and payable from Board's Available Revenues.

(d) The Stipulated Loss Value attributable to a loss of all of a Project shall be computed as the amount necessary to pay the Principal Component of, prepayment premium, if any, and Interest Component on the Series of Certificates and prepayment premium, if any, the proceeds of which financed or refinanced the acquisition and construction of such Project, on the next succeeding Mandatory Prepayment Date. In the event that less than all of a Project then subject to this Lease Agreement suffers such a loss, damage or destruction, the Stipulated Loss Value shall be the product of (i) the result computed by the foregoing sentence multiplied by (ii) a fraction, the numerator of which is the original Cost of the portion of such Project suffering such loss, damage or destruction and the denominator of which is the aggregate Project Cost for the entire Project then subject to this Lease Agreement, including those items suffering such loss, damage or destruction. In each case, the Stipulated Loss Value shall also include any Supplemental Rent then due hereunder. Upon payment of such Stipulated Loss Value by Board, such Stipulated Loss Value shall be deposited to the credit of the account established in the Prepayment Fund for the sole benefit of the Owners of the Series of Certificates, the proceeds of which were used to finance or refinance the acquisition and construction of such Project. In the event of payment of the Stipulated Loss Value of a portion of the Project, the schedule of Basic Rent Payments in the Lease Schedule for such Project shall be adjusted downward by the Trustee to reflect the reduction in the Principal Component and Interest Component and the remaining Basic Rent resulting from such mandatory prepayment. Such adjustment shall be done in such manner as to match remaining aggregate payments of Basic Rent relating to the destroyed, damaged or condemned Project with principal of and interest coming due on the Series of Certificates which remain Outstanding, the proceeds of which were used to finance or refinance the acquisition and construction of such Project.

#### SECTION 5.09. PAYMENT OF TAXES.

The Board will pay or cause to be paid all Real Estate Taxes, taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon any Project, or any part thereof, promptly as and when the same shall become due and payable; provided, however, that the Board shall not be required to pay any such tax, assessment or charge, if the validity thereof shall concurrently be contested in good faith by appropriate proceedings and the interest of the Corporation and the Trustee therein shall not be in jeopardy, and if the Board shall set aside, or cause to be set aside, reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board, upon the commencement of any proceedings to foreclose the lien of any such tax, assessment, or charge, will forthwith pay, or cause to be paid, any such tax, assessment or charge, unless contested in good faith as aforesaid and execution upon the Project is stayed. The Board will not suffer any Project or any part thereof, to be sold for any Real Estate Taxes, taxes, assessments or other charges whatsoever, or to be forfeited therefor. The Board will also pay or cause to be paid all taxes, assessments and other governmental charges which may be imposed on the

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(2) agrees to furnish any necessary janitorial services and all necessary janitorial supplies;

(3) shall be responsible for replacement of all bulbs, lamps, tubes and starters used in the light fixtures for the purpose of furnishing light;

(4) agrees to furnish any necessary pest control services including without limitation, those necessary to control or eradicate wood destroying organisms; and

(5) will promptly pay all gas, water, sewage, power and electric rates or charges which may become payable for the gas, water, sewage and electricity used by the Board.

(c) All obligations of the Board under this Section 5.10 shall be at the Board's sole cost and expense and the Board shall take all actions necessary to assure that no liens arise against the Projects as a result of the Board's failure to pay for gas, water, sewer, electricity, telephone or other utility services or charges. In no event shall the Corporation, the Trustee, or the Credit Enhancer be responsible for the quality, quantity, failure or interruption of any such utility services to the Projects. The Board shall be responsible for and required to deliver any and all security deposits that may be required to provide utility services to the Projects.

(d) If the Board fails to perform any of its obligations under this Section 5.10, the Trustee, without notice, may (but shall not be obligated to) perform the Board's obligations or perform work resulting from the Board's acts, actions or omissions and the cost thereof (together with interest at the Overdue Rate from the date of such expense until the date of reimbursement) shall be immediately due and payable hereunder as Supplemental Rent.

(e) All obligations of the Board under this Section shall be at the Board's sole cost and expense. All costs of operation of each Project and all costs or repair and replacement of each Project resulting from ordinary wear and tear or want of care on the part of the Board shall be the sole responsibility of the Board.

#### SECTION 5.11. INVENTORY.

The Board shall maintain a detailed inventory of the Equipment and the Designated Equipment, which inventory may describe the Equipment by category or type or other general description.

#### SECTION 5.12. OTHER LIENS.

(a) The Board shall keep each Project and all parts thereof free from judgements and, except as to Permitted Encumbrances, free from all liens, claims, demands and encumbrances of whatsoever nature or character, to the end that each Project may at all time be maintained and preserved, and the Board shall keep each Project free from any claims or liability which might impair or impede the operation of such Project; provided, however, that the Board shall not be required to pay any such liens, claims or demands if the validity thereof shall concurrently be contested in good

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Corporation or its operations as a result of the transactions contemplated by this Lease Agreement.

#### SECTION 5.10. CARE AND USE OF PROJECTS.

(a) The Board, at its expense, shall maintain each Project in good operating condition, repair and appearance, and protect same from deterioration other than normal wear and tear; shall cause each Project to be used in compliance with the requirements of applicable laws, ordinances and regulations and the requirements of any policy of insurance required under Sections 5.04 and 5.05 hereof and, with respect to Designated Equipment, within the guidelines of the applicable manufacturers specifications; shall cause each Project to be operated by competent persons only and shall obtain, at the Board's expense, all permits and licenses, if any, required by law for the operation of each Project. The Board agrees that neither the Corporation nor the Trustee shall be responsible for latent defects, wear and tear or gradual deterioration or loss of service or use of any Project or any part thereof. The Board shall have the benefit of all warranties, contracts and rights against any Vendor, Contractor, Developer, materialmen or supplier. Neither the Corporation nor the Trustee shall be liable to the Board or anyone else for any liability, injury, claim, loss, damage or expense of any kind or nature caused directly or indirectly by the inadequacy of any Project or any item supplied by any Vendor, Contractor, Developer, materialmen or any item supplier or any other party, any interruption of use or loss of service or use or performance of any Project, any loss of business or other consequence or damage, whether or not resulting directly or indirectly from any of the foregoing.

(b) The Board agrees that at all times during the applicable Lease Term, the Board will, at the Board's own cost and expense, repair and maintain the Projects and Premises, both interior and exterior and both structural and nonstructural, whether foreseeable or not foreseeable. The Board shall keep or cause to be kept the foundations, roof and structural portions of the walls of the Projects in first-class order, repair and condition. The Board shall commence required repairs as soon as practicable. The Board shall at all times keep the Projects (including all entrances and vestibules) and all partitions, window and window frames and moldings, glass, store fronts, doors, door openers, fixtures, equipment and appurtenances thereof (including lighting, heating, electrical, plumbing, ventilating and air conditioning fixtures and systems and other mechanical equipment and appurtenances within the Projects and all parts of the Projects, in good order, condition and repair and clean, orderly, sanitary and safe (including but not limited to doing such things as are necessary to cause the Projects to comply with applicable laws, ordinances, rules, regulations and orders of governmental and public bodies and agencies having jurisdiction over the Projects). If replacement of equipment, fixtures and appurtenances thereto is necessary, the Board shall replace all of same with new or completely reconditioned equipment, fixtures and appurtenances, and repair and all damages done in or by such replacement. Furthermore, with respect to each Project and throughout the applicable Lease Term, the Board:

(1) shall maintain all heating, ventilation and air conditioning equipment in satisfactory operating condition at all times;

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faith by appropriate proceedings and the interest of the Corporation and the Trustee therein shall not be in jeopardy, and if the Board shall set aside or cause to be set aside reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board upon the commencement of any proceedings to foreclose the lien of any such charge or claim, will forthwith pay or cause to be paid any such charge or claim unless contested in good faith as aforesaid and execution is stayed. The Board agrees not to lease-purchase any equipment hereunder except to the extent consented to by the Department or otherwise permitted by applicable law.

(b) The Board shall never, under any circumstances, have the power to subject the interest of the Corporation in the Project to any mechanic's or materialman's lien of any kind.

(c) The Board covenants and agrees with the Corporation that the Board will not permit or suffer to be filed or claimed against the interests of the Corporation in the Project during the Lease Term any lien or claim of any kind and, if such lien be claimed or filed, it shall be the duty of the Board, within thirty (30) days after the Board shall have been given written notice of such claim being filed in the Public Records of Walton County, Florida, to cause the Project to be released from such claim, either by payment or by posting of a bond or by the payment into a court of competent jurisdiction the amount necessary to relieve and release the Project from such claim or in any other manner which, as a matter of law, will result within such period of thirty (30) days in releasing the Corporation and the Corporation's interests from such claim.

#### SECTION 5.13. ENCUMBRANCES OR SALES.

(a) Except as permitted in this Lease Agreement and except for Permitted Encumbrances, the Board will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon any Project or any portion thereof, or upon any real or personal property (which is not a portion of the Project) essential to the operation of such Project. The Board will not sell or otherwise dispose of any portion of a Project or any such property essential to the proper operation of a Project, except as provided below and in Section 5.14 hereof.

(b) In the manner and subject to the conditions for disposal of property of the Board by law and any applicable rules and regulations of DOE, the Board may sell portions of a Project, for fair market value (as determined by MAI appraisal) upon the following conditions:

(i) The Board shall give notice to the Trustee of each such sale not less than thirty (30) days prior to such sale;

(ii) The Board determines pursuant to a certificate of any Authorized Officer of the Board that such portion of a Project is no longer needed for the purposes of such Project or such portion should be replaced with property having greater usefulness or value;

(iii) Such disposition shall not, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the

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Owners of the Certificates (other than Taxable Certificates) to become includible in gross income of such Owners for purposes of federal income taxation;

(iv) The Board shall use the proceeds of such sales to provide property (which shall become a part of the Project) of the same fair market value (as determined by an MAI appraisal), equal usefulness and value to the Board, and free of encumbrances other than Permitted Encumbrances; provided, however, that if the value exceeds the corresponding Prepayment Amount, the Board may elect to apply such proceeds as payment of Stipulated Loss Value pursuant to Section 5.08(d) hereof; and

(v) The Board shall receive the prior written consent of the related Credit Enhancer; provided; however, such consent shall not be required until the aggregate of all dispositions made pursuant to this Section 5.13 exceeds \$300,000.

(c) No sale or disposition of the Project or any portion thereof shall entitle the Board to any reimbursement of any Lease Payments from the Lessor, the Trustee or the Certificate Owners, nor shall the Board be entitled to any abatement or diminution in Lease Payments.

#### **SECTION 5.14. SUBSTITUTION OF EQUIPMENT.**

Subsequent to the Completion Date of a Project, the Board may (but only with the written consent of the applicable Credit Enhancer as to any equipment costing more than 10% of the original amount deposited in the Project Account related to such Project) substitute for an item of Equipment which constitutes a part of such Project other equipment by filing with the Trustee, as assignee of the Corporation, a certificate of an Authorized Officer of the Board stating that such substitute equipment (a) has the same or a greater remaining useful life than the Equipment to be substituted (determined at the time of substitution), (b) has a fair market value equal to or greater than the fair market value of the item of Equipment for which it is substituted (determined at the time of substitution), (c) is free and clear of all liens and encumbrances, except the Permitted Encumbrances, (d) has been titled in the same manner as the Equipment being replaced hereunder, (e) of substantially equal utility as the Equipment replaced and (f) constitutes "Equipment" under this Lease Agreement. The Board may substitute Equipment which does not meet any of the foregoing provisions if it receives the written consent of Credit Enhancer for the Certificates, the proceeds of which were used to finance the acquisition of such Equipment, to do so.

#### **SECTION 5.15. PROSECUTION AND DEFENSE OF SUITS.**

(a) The Board shall promptly, upon request of the Corporation, or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to any Project, or any portion thereof, and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall, to the extent permitted and limited by applicable law and only from Available Revenues, indemnify or cause to be indemnified the Corporation, and its assigns, for all loss, cost, damage and expense, including

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#### **SECTION 5.18. CORPORATION NOT LIABLE.**

Neither the Corporation nor its members, officers, agents, employees, nor its assignee, shall be liable to the Board or to any other party whomsoever for any death, injury or damage that may result to any Person or property by or from any cause whatsoever in, on or about any Project. To the extent permitted and limited by applicable law and solely from Available Revenues, the Board shall indemnify or cause to be indemnified and hold the Corporation, its members, officers, agents, employees, and its assigns, harmless from, and defend or cause to be defended each of them against, any and all claims, liens and judgments for death of or injury to any Person or damage to property whatsoever occurring in, on or about any Project.

#### **SECTION 5.19. INDEMNIFICATION DUE TO TRUSTEE AND CORPORATION.**

The Board shall pay, or cause to be paid, to the Corporation and the Trustee, as assignee of the Corporation, reasonable fees, compensation and reasonable expenses, including attorneys fees and expenses, due under the Trust Agreement in the amounts set forth in the Lease Schedules or the Trust Agreement and for substantiated and necessary reasonable fees and expenses upon billing therefor by the Corporation or the Trustee, as assignee of the Corporation. In addition, to the extent permitted and limited by applicable law and solely from Available Revenues, the Board shall and hereby agrees to indemnify, or cause indemnification of, and hold, or cause to be held, the Corporation and the Trustee, as assignee of the Corporation, harmless from and against all claims, losses and damages, including reasonable legal fees and expenses, arising out of (a) the use, maintenance, condition or management of the Projects by the Board, (b) any breach or default on the part of the Board in the performance of any of its obligations under this Lease Agreement, (c) any act of negligence of the Board, or of its agents, contractors, servants, employees or licensees with respect to the Projects, (d) the authorization of payment of Project Costs by the Board, (e) the defense against actions or proceedings in which the validity of this Lease Agreement is or might be questioned and the payment or compromise of claims or demands asserted in any such actions or proceedings, or (f) the issuance of the Certificates. No indemnification will be made under this Section or elsewhere in this Lease Agreement for willful misconduct, gross negligence, negligence or breach of duty by the Corporation or the Trustee, or their officers, agents, employees, successors or assigns.

#### **SECTION 5.20. NO RECOURSE UNDER AGREEMENT.**

All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of Lease Payments pursuant to Section 4.03 hereof or for any claim based thereon under this Lease Agreement against any member, officer, employee or agent of the parties hereto.

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reasonable attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

(b) The Board shall defend, or cause to be defended against every suit, action or proceeding at any time brought against the Corporation, or its assignee, or its or their directors, officers and employees upon any claim arising out of the receipt, application or disbursement of any moneys held by the Trustee or involving the rights of the Corporation, or its assignee, or its or their directors, officers and employees under this Lease Agreement or any act or omission of the directors, officers and employees done or omitted to be done within the scope of their respective office or employment, other than an act or omission which is the result of misconduct or negligence by such parties; provided, that the Corporation, and its assignee, at their election, may appear in and defend any such suit, action or proceeding. To the extent permitted and limited by applicable law and only from Available Revenues, the Board shall indemnify or cause to be indemnified the Corporation, and its assignee, against any and all claims, demands, costs or liability claimed or asserted by any person, arising out of such receipt, application or disbursement.

#### **SECTION 5.16. FURTHER ASSURANCES.**

Whenever and so often as requested so to do by the Corporation, or its assignee, the Board will promptly execute and deliver or cause to be delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully to vest in the Corporation, or its assignee, all rights, interest, powers, benefits, privilege and advantages conferred or intended to be conferred upon the Corporation by this Lease Agreement.

#### **SECTION 5.17. REPORTING REQUIREMENTS.**

Upon request, the Board will furnish, or cause to be furnished, to the Corporation, or its assignee, and each Credit Enhancer (i) within 180 days after the end of each Fiscal Year, detailed certified reports of audit covering the operations of the Board for said Fiscal Year showing the general funds, revenues and expenses for such period, (ii) a copy of the Board's annual budget within thirty (30) days of its final approval, (iii) the Official Statement or other offering document, if any, prepared in connection with the issuance of additional indebtedness of the Board within 30 days after the incurrence thereof, (iv) notice of any failure of the Board to make any payment required hereunder within two Business Days after knowledge thereof, (v) copies of all reports, certificates and notices required to be delivered by the Board hereunder, and (vi) such additional information as the Credit Enhancer from time to time may reasonably request.

Upon delivery of the annual audited financial statements of the Board, a certificate of the chief financial officer of the Board stating that, to the best of such individual's knowledge following reasonable inquiry, no Event of Default or Event of Non-Appropriation has occurred, specifying the nature thereof and, if the Board has a right to cure pursuant to Section 7.02(d) hereof, stating in reasonable detail the steps, if any, being taken by the Board to cure such Event of Default.

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#### **SECTION 5.21. RESTRICTION AGAINST PLEDGE.**

The Corporation shall not pledge Lease Payments or other amounts derived from the Projects or from rights of the Corporation under this Lease Agreement nor shall the Corporation mortgage, convey, transfer, encumber or suffer or permit any lien to be placed upon its interest in the Projects, except as otherwise provided in this Lease Agreement, the Trust Agreement and the Assignment Agreement.

#### **SECTION 5.22. ASSIGNMENT BY CORPORATION.**

(a) Unless directed by the Board as provided in paragraph (b) of this section and except pursuant to the Assignment Agreement or as set forth herein, the Corporation shall not assign this Lease Agreement or the Ground Lease, its rights to receive Lease Payments or its duties and obligations hereunder or thereunder. Except pursuant to the Assignment Agreement and except as set forth herein, the Corporation shall not assign this Lease Agreement, its rights to receive Lease Payments or its duties and obligations hereunder.

(b) At the discretion of the Board and upon written approval of the Credit Enhancers, and so long as no Event of Default or Event of Non-Appropriation shall have occurred and be continuing, the Board may direct the Corporation to assign this Lease Agreement, all of its rights hereunder including its rights to receive Lease Payments and its duties and obligations hereunder to a non-profit educational organization or other corporation or association which is permitted by law to act in the same capacity as the Corporation, subject, however, to the Board receiving an opinion of Special Counsel stating that no such assignment shall cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates (other than Taxable Certificates) to be includible within gross income of the Owners for purposes of federal income taxation.

#### **SECTION 5.23. NO VIOLATION OF OTHER AGREEMENTS.**

The Board hereby represents that neither the execution and delivery of this Lease Agreement, the Assignment Agreement, the Ground Lease and the Trust Agreement, nor the fulfillment of and compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of terms or violation of any other agreement to which the Board is a party or by which the Board is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Board, or upon the Projects, except Permitted Encumbrances.

#### **SECTION 5.24. DEBT NOT ASSUMED BY CORPORATION.**

The parties hereto expressly acknowledge and agree that the Corporation, by the entering into of this Lease Agreement and the related documents, does not assume or guarantee, or otherwise obligate itself for, or become liable for, the payment of, or contingently agree to purchase, any debt of any Person, including without limitation, the Board.

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#### SECTION 5.25. CONSENT TO DISMISS.

The Board acknowledges that the Corporation is a third party lease purchase financing source for the Projects and the Board hereby agrees to consent to, and to refrain from objection to, a motion made by the Corporation to be dismissed from any lawsuit brought by a third party arising out of or in any way relating to this Lease Agreement with respect to any Project or the ownership, rental, possession, operation, condition, sale or return of any Project. This covenant by the Board to consent to and refrain from objection to such a motion to dismiss shall include the Corporation's assigns and their respective agents, employees, officers and directors. It is understood by and between the Corporation and the Board that this covenant is not intended to be and is not indemnity.

#### SECTION 5.26. WAIVER OF LAWS.

The Board shall not at any time insist upon or plead in any manner whatsoever, or claim or suffer or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may adversely affect the covenants and agreements contained in this Lease Agreement and the benefit and advantage of any such law or laws is hereby expressly waived by the Board to the extent that the Board may legally make such waiver.

#### SECTION 5.27. LIMITATION OR INDEMNIFICATION.

The amount of indemnification provided by the Board to the Corporation in Sections 5.15, 5.18 and 5.19 shall not exceed the liability limits set forth in Section 768.28, Florida Statutes.

#### SECTION 5.28. VEHICLES.

The Board and the Corporation agree not to lease-purchase any vehicles or rolling stock under the terms of this Lease Agreement.

#### SECTION 5.29. WAIVER OF DAMAGES.

Neither the Corporation, the Trustee nor the Credit Enhancer, nor their respective agents and employees, shall be liable for, and the Board waives, for each of their benefit, all claims for damages, including but not limited to consequential damages, to person, property or otherwise, sustained by the Board or any person claiming through the Board resulting from any accident or occurrence in or upon any part of the Projects or Premises including, but not limited to, claims, for damage resulting from: (a) any equipment or appurtenances becoming out of repair; (b) the Board's failure to keep any part of the Projects or Premises in repair; (c) injury done or caused by wind, water, or other natural element; (d) any defect in or failure of plumbing, heating or air conditioning equipment, electric wiring or installation thereof, gas, water, and steam pipes, stairs, porches, railing or walks; (e) broken glass; (f) the backing up of any sewer pipe or down spout; (g) the bursting, leaking or running of any tank, tub, washstand, water closet, waste pipe, drain or any other pipe or tank upon or about the Projects or Premises; (h) the escape of steam or hot water; (i) water, snow or ice upon the Projects or Premises; (j) the falling of any fixture, plaster or

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### ARTICLE VI

#### ASSIGNMENT; SUBLEASING; NET LEASE; AMENDMENT

##### SECTION 6.01. ASSIGNMENT AND SUBLEASING BY THE BOARD.

(a) Except as provided herein, this Lease Agreement may not be assigned by the Board without the prior written consent of the Credit Enhancer and the Corporation, or its assignee.

(b) Notwithstanding any other provision of this Lease Agreement any Project, or portion thereof, may be subleased by the Board, subject to Permitted Encumbrances, in whole or in part, without the consent of the Corporation but with the consent of the Credit Enhancer subject, however, to each of the following conditions:

(i) no such sublease shall in any way adversely affect or release the Board from any of its duties, obligations and covenants under this Lease Agreement, including without limitation, the obligation of the Board to make Lease Payments hereunder shall not be adversely affected;

(ii) no such sublease shall, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates (other than Taxable Certificates) to become includible within gross income of the Owners for purposes of federal income taxation; and

(iii) any such Sublease shall (1) not exceed for longer than the Lease Term, (2) be cancellable by the Trustee upon an Event of Default or Non-Appropriation and (3) not allow the assignee or sublessee to in any way encumber or dispose of the Project.

(c) Nothing herein shall prohibit the Board from permitting temporary use of any Project, or portion thereof, by third parties.

(d) If an Event of Default or an Event of Non-Appropriation occurs under this Lease Agreement, all proceeds of any sublease entered into by the Board pursuant to this Section shall be remitted to the Trustee and shall be credited against Basic Rent Payments to be made by the Board. Any sublease agreement must be made terminable by the Trustee in the event this Lease Agreement is terminated for any reason.

##### SECTION 6.02. TRANSFER OF TAX BENEFITS.

Nothing herein shall be deemed to prevent the Board from entering into any agreement or making any disposition for the sole purpose of transferring to one or more corporations, partnerships or individuals federal or state income tax benefits which would be available for any Project, or portion thereof, if owned by a private person, subject, however, to each of the following conditions:

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stucco; (k) damage to or loss by theft or otherwise of property of the Board or others; (l) acts or omissions of person in the Projects or Premises, other tenants in the Projects or Premises, occupants of nearby properties, or any other persons; and (m) any act or omission of owners of adjacent or contiguous property, or of the Corporation, the Trustee and the Credit Enhancers, and their respective agents or employees. All property of the Board kept in the Projects or Premises shall be so kept at the Board's risk only and the Board shall save the Corporation, the Trustee and the Credit Enhancers, and their respective agents and employees harmless from claims arising out of damage to the same, including subrogation claims by the Board's insurance carrier.

#### SECTION 5.30. OFFSET STATEMENT.

Within ten (10) days after written request by either the Corporation or the Board the other party shall deliver, executed in recordable form, a declaration to any Person designated by the requesting party (a) ratifying this Lease Agreement and any Lease Schedule hereunder; (b) stating the commencement and termination dates; and (c) certifying (i) that this Lease Agreement and any Lease Schedule hereunder is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) that all conditions under this Lease Agreement and any Lease Schedule hereunder to be performed by the other parties have been satisfied (stating exceptions, if any), to the extent known; (iii) that no defenses or offsets against the enforcement of this Lease Agreement and any Lease Schedule hereunder by the requesting party exist (or stating those claimed); (iv) as to advance Lease Payments, if any, paid by the Board; and (v) the date to which Lease Payments have been paid, and such other information as the requesting party reasonably requires. Persons receiving such statement shall be entitled to rely upon them.

#### SECTION 5.31. ADVANCES.

In the event that Board shall not elect to self-insure any risk that would otherwise require the maintenance of insurance coverage hereunder, and shall fail to maintain the full insurance coverage required hereunder, the Corporation shall, to the extent the costs thereof are advanced to it for such purposes, purchase the required policies of insurance and pay the premiums on the same, or if the Board shall fail to keep the Projects in good repair and operating condition, the Corporation shall, to the extent the costs thereof are advanced to it for such purposes, make such repairs or replacements as are necessary and provide for the payment thereof; and all amounts so advanced therefor by the Corporation shall become immediately due and payable as a Supplemental Rent under this Lease Agreement relating to such Projects which amounts, together with interest thereon (at an annual interest rate equal to the Overdue Rate) until paid, the Board agrees to pay from funds legally available for such purpose.

#### SECTION 5.32. ENVIRONMENTAL MATTERS.

The Board shall comply with the provisions set forth in the Ground Lease in respect of environmental matters.

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(a) this Lease Agreement and the obligation of the Board to make Lease Payments hereunder shall not be adversely affected;

(b) no such agreement or disposition shall, in the opinion of the related Credit Enhancer, have a material adverse effect on the rights and interests of the Certificate Owners; and

(c) no such agreement or disposition shall, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates to become includible in gross income of such Owners for purposes of federal income taxation.

##### SECTION 6.03. TAX COVENANTS.

(a) The Board and the Corporation hereby covenant that, notwithstanding any other provision of this Lease Agreement, neither of them will make any use nor permit or direct the Trustee to make any use of the proceeds of the Certificates which will cause any of the Certificates or the Lease Agreement to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(b) The Board and the Corporation hereby agree that they will make no use nor permit any use to be made of the proceeds of the Certificates, Lease Payments or any Project, or portion thereof, which would cause any of the Certificates or the Lease Agreement to be "private activity bonds" within the meaning of Section 141 (a) of the Code.

(c) Except for the exercise by the Board of its right to non-appropriate as set forth in Section 7.01 hereof, the Board hereby covenants that it will comply with all provisions of the Code necessary to maintain the exclusion of the Interest Component of the Basic Rent Payments from gross income for purposes of federal income taxation, including in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

(d) The Corporation hereby covenants that it will not knowingly take any action which would adversely affect the exclusion of the Interest Component of the Basic Rent Payments from gross income for purposes of federal income taxation.

(e) Notwithstanding the foregoing provisions contained in this Section, the Board and the Corporation may agree to enter into a Lease Schedule pursuant to which the Interest Component on the Basic Rent Payments shall not be excluded from gross income for purposes of federal income taxation; provided, however, that fact must be clearly stated on the Certificates. Provisions herein relating to the requirement to maintaining the exclusion of such Interest Component from gross income for federal income taxation purposes shall not apply to such Basic Rent Payments.

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The Board intends the Lease Payments hereunder to be net to the Corporation. The Board shall comply with all liabilities and pay from Available Revenues all required local, state and federal taxes, including without limitation, Real Estate Taxes, income, franchise, gross receipts, sales, use, documentary stamp, excise, and personal property taxes, assessments, licenses, registration fees, freight and transportation charges and any other charges imposed or liabilities incurred with respect to the ownership, possession or use of the Projects, payment of Lease Payments or any other payments by the Board hereunder, and any penalties, fines or interest imposed on the Board hereunder, and any penalties, fines or interest imposed on any of the foregoing, during the term of this Lease Agreement; and the Board will pay all reasonable expenses incurred by the Corporation or the Trustee in connection with all filings or recordings of any documents relating to this Lease Agreement or the Corporation's or the Trustee's rights hereunder. The Corporation and the Trustee shall have the right, after reasonable written notice to the Board, to make any of the payments required of the Board under this Section with respect to the Projects, but shall not be obligated to pay the same, and may charge such payment with interest at the Overdue Rate from the date of payment, as Supplemental Rent to be paid by the Board within thirty (30) days thereafter.

## SECTION 6.05. AMENDMENT.

(a) This Lease Agreement may be amended in writing by the parties hereto or by their assignees on their behalf or in their name, without the consent of the Owners of the Certificates but with the prior written consent of the applicable Credit Enhancers, for the purpose of (i) curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or (ii) resolving any questions arising under this Lease Agreement, (iii) providing for additional security, (iv) providing for Lease Schedules, including adding to or deleting the covenants, representations and agreements contained herein as the same shall effect a particular Project, and (v) any other amendment, which in the judgement of Special Counsel does not materially, adversely affect the interests of the Owners of the Certificates; provided, however, that no such amendment shall, in the opinion of Special Counsel, cause the Interest Component of Basic Rent Payments to become includible in gross income of the recipients thereof for purposes of federal income taxation; and provided, further, that the parties hereto or their assignees may rely in entering into any such amendment pursuant to this Section upon the opinion of Special Counsel stating that the requirements of this sentence have been met with respect to such amendment.

(b) In addition to the amendments authorized to be made pursuant to Section 6.05 (a) hereof, this Lease Agreement may also be amended with the consent of the applicable Credit Enhancer, upon approval of a majority of aggregate principal amount of the Owners of Certificates of a Series then Outstanding affected by such amendment or, if all Outstanding Certificates affected by such amendment are secured by Credit Enhancers and/or municipal bond insurance policies, upon the approval of the Credit Enhancers of all Certificates of a Series then Outstanding; provided that no such amendment shall impair the right of any Owners to receive his proportionate share of any Basic Rent Payment in accordance with his Certificate unless approved by the Owners of all Certificates then Outstanding.

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Board shall pay to the Corporation the pro-rata share of Lease Payments which would have been due during such Fiscal Year, computed on a daily basis for the actual number of days in which the Board so occupied such Projects.

(d) The Board hereby provides that to the extent permitted by law, it will not exercise its power of eminent domain to acquire the Project or the Leased Premises, or any interest of the Trustee or the Corporation therein.

## SECTION 7.02. EVENTS OF DEFAULT.

The following shall be "Events of Default" under this Lease Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in this Lease Agreement any one or more of the following events:

(a) Failure by the Board to pay any Basic Rent Payment required to be paid hereunder on the Basic Rent Payment Date to which such Basic Rent Payment pertains, other than as a result of an Event of Non-Appropriation; or

(b) Failure by the Board to pay any Supplemental Rent required to be paid hereunder at the time specified herein and the continuation of said failure for 30 days, other than as a result of an Event of Non-Appropriation; or

(c) The Board fails to (i) return possession of all the applicable Projects, other than Designated Equipment, to the Corporation, or its designee or assignee, subsequent to an Event of Non-Appropriation as required by Section 7.01 hereof, or (ii) transfer title to and possession of the Designated Equipment for which Basic Rent Payments have not been paid in full to the Corporation, or its designee or assignee, subsequent to termination of the Lease Agreement as required by Section 4.07(b) hereof; or

(d) Failure by the Board to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 7.02(a) hereof, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Board by the Corporation, or its assignee, or the applicable Credit Enhancer, unless the Corporation, or its assignee, and the applicable Credit Enhancer shall agree in writing to extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation, or its assignee, and the applicable Credit Enhancer will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected; or

(e) Any representation of the Board hereunder or in a Lease Schedule shall prove to have been false in any materially adverse respect at the time same was made, subject to the right of the Board to cure such misrepresentation in the manner set forth in Section 7.02(d) hereof; or

(f) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Board in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a

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## EVENT OF NON-APPROPRIATION; EVENTS OF DEFAULT AND REMEDIES

## SECTION 7.01. EVENT OF NON-APPROPRIATION.

(a) As provided herein, this Lease Agreement shall initially terminate at the end of the Initial Lease Term relating to a Project, but shall automatically be renewed for all Renewal Lease Terms relating thereto; provided, that such automatic renewal shall not occur with respect to the Projects financed from the proceeds of Certificates if the Board does not approve a tentative Budget and a final Budget in accordance with State law which appropriates sufficient funds from Available Revenues for such purposes to continue making Lease Payments in full for the next succeeding Renewal Lease Term for all such Projects contained in the Lease Schedules and leased hereunder beyond the end of the Initial Lease Term or the last Renewal Lease Term for which Lease Payments had been budgeted and appropriated (an "Event of Non-Appropriation"). This Lease Agreement shall terminate at the end of the Initial Lease Term or the last Renewal Lease Term for which Lease Payments had been budgeted and appropriated upon an Event of Non-Appropriation; provided, that in the event the Board's tentative or final Budget for such ensuing Renewal Lease Term is not enacted prior to the expiration of the then current Initial Lease Term or Renewal Lease Term relating to a Project, the Lease Term relating thereto shall be deemed renewed pending the enactment of such tentative Budget and final Budget and the Board shall be liable for any Lease Payments coming due during such period but only if the tentative Budget and final Budget makes available to the Board moneys which may legally be used to make the Lease Payments coming due during such period. Notwithstanding the proviso of the immediately preceding sentence, failure of the Board to adopt a final Budget prior to November 15 of any Fiscal Year shall be deemed an Event of Non-Appropriation. Upon the occurrence of an Event of Non-Appropriation, the Board will not be obligated to pay Lease Payments beyond the then current Fiscal Year. The Board shall deliver notice of the Event of Non-Appropriation to the Corporation, each Credit Enhancer and the Trustee within at least three Business Days thereof, provided, however, that (i) failure to give such notice shall not affect the validity of such non-appropriation and (ii) obligations arising hereunder prior to such non-appropriation shall survive such termination.

(b) If an Event of Non-Appropriation shall occur, the Board shall peaceably return to the Corporation, or its assignee or designee, the use, control and possession of each and every Project then under Lease, upon the later of seven Business Days after the date on which such Event of Non-Appropriation occurs or the end of the last Lease Term for which Lease Payments have been budgeted and appropriated. The obligation to return the Projects shall survive the termination of this Lease Agreement. Under no circumstances shall the failure of the Board to appropriate sufficient moneys to pay Lease Payments constitute a Default or Event of Default hereunder or require payment of a penalty, or in any way limit the right of the Board to purchase or utilize property similar in function to the property leased hereunder.

(c) To the extent permitted by law, in the event the Board occupies the Projects during any fiscal year in which an Event of Non-Appropriation occurs, the

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receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Board or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) days; or

(g) The Board shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Board or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

## SECTION 7.03. REMEDIES ON DEFAULT.

(a) Upon the occurrence of an Event of Default as described in Section 7.02 hereof, the Corporation, or its assignee, may, subject to the provisions of Section 7.11 hereof, exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement, including, without limitation:

(i) Except in the case of an Event of Default under Section 7.02(c)(ii) hereof, without terminating this Lease Agreement, to re-enter and take possession of the Projects, or any portion thereof, other than Designated Equipment, and exclude the Board from using the same until the Default is cured; or

(ii) Except in the case of an Event of Default under Section 7.02(c)(iii) hereof, without terminating this Lease Agreement, to re-enter and take possession of the Projects, or any portion thereof, other than Designated Equipment, and sell, lease or sublease such Projects, or any portion thereof, in accordance with applicable law, for the account of the Board, holding the Board liable for the difference between (i) the purchase price, rent and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease, and (ii) the Lease Payments and other amounts currently payable by the Board under and pursuant to this Lease Agreement; provided, however, that prior to termination of this Lease Agreement, the Projects, or any portion thereof, may be sold, re-let or otherwise disposed of only to such Person or Persons as shall not adversely affect the exclusion of the Interest Component of the Basic Rent Payments from gross income for purposes of federal income taxation; or

(iii) Except in the case of an Event of Default under Section 7.02(c)(ii) hereof, to take whatever action at law or in equity that may appear necessary or desirable to collect the Lease Payments then due and thereafter to become due during the current Lease Term of this Lease Agreement, or enforce performance and observance of any obligation, agreement or covenant of the Board under this Lease Agreement; or

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(iv) Subject to the provisions of Section 7.03(b) hereof, to terminate this Lease Agreement, if it has not been previously terminated pursuant to Section 7.01 hereof, and require the Board to surrender and transfer possession of all the Projects to the Corporation, in which event the Board shall take all actions necessary to authorize, execute and deliver to the Corporation all documents necessary to vest in the Corporation all of the Board's interest in and to the Projects hereunder, and to discharge any lien created by or pursuant to this Lease Agreement in order that the Corporation may sell or re-let its interest in the Projects in accordance with applicable law; and shall upon request by the Corporation, remove any Equipment from the Board's property to such location within the State of Florida as is specified by the Corporation; or

(v) Subject to the provisions of Section 7.03(b) hereof, to terminate this Lease Agreement, if it has not been previously terminated pursuant to Section 7.01 hereof, and, upon notice to the Board, enter into and upon the property of the Board, or any part thereof, and repossess and retake the Projects and thereby restore the Corporation, or its assignee, to its former possessory estate as tenant or as owner, as the case may be, and expel the Board and remove its effects forcibly, if necessary, without being taken or deemed to be guilty of any manner of trespass in order that the Corporation may sell or re-lease the Projects in accordance with applicable law, and thereupon this Lease Agreement shall terminate and upon such termination the Board shall have no further possessory right whatsoever in the Projects; and the Board shall be responsible for the payment of damages in an amount equal to the Lease Payments which would have accrued hereunder, calculated on a daily basis, for any period during which the Board fails to surrender the Projects or for any other loss suffered by the Corporation as a result of the Board's failure to surrender the Projects, all without prejudice to any remedy which might otherwise be available to the Corporation for arrears of Lease Payments or for any breach of the Board's covenants herein contained.

(b) If the Board refuses or fails to voluntarily transfer all of the Designated Equipment for which Basic Rent Payments have not been paid in full as provided in Section 4.07(b) hereof, then the Stipulated Loss Value of such Designated Equipment shall become immediately due and payable but only from the Board's Available Revenues and the Corporation's sole remedy shall be to seek a judgment against the Board for the Stipulated Loss Value of such Designated Equipment, which judgment shall be enforceable solely against the Board's Available Revenues. The Corporations' damages hereunder shall include the cost of enforcement hereof and of collection of any judgment, including reasonable Attorneys' fees and court costs as delineated in Section 7.09(b). The Corporation's and the Board each understand and agree that notwithstanding the Board's agreement to transfer title to and possession of such Designated Equipment pursuant to Section 4.07(b) hereof (i) there is no intention to create a right in the Corporation under this Lease Agreement to involuntarily dispossess the Board of title to or use of any item of Designated Equipment, (ii) the sole remedy of the Corporation for an Event of Default by the Board under Section 7.01(c)(ii) hereof is to sue for compensatory damages calculated in accordance with and proceed under this Section 7.03(b), and (iii) in consideration of such remedy set forth in this Section 7.03(b), the Corporation irrevocably waives any right to specific

performance of the Board's covenant to return title to and possession thereof to the Corporation upon an Event of Non-Appropriation.

#### **SECTION 7.04. PROCEEDS OF SALE OR RE-LETTING.**

Moneys received by the Corporation, or its assignee, from the sale or re-letting of its interest in the Projects, or any portion thereof, as a result of an Event of Non-Appropriation or an Event of Default shall be the absolute property of the Corporation, or its assignee, and the Board shall have no right thereto. In the event that moneys received by the Corporation, or its assignee, from the sale or other disposition of a Project, including moneys or damages received pursuant to Section 7.03(b) hereof, exceed the amount necessary to pay the principal of and interest due on the Certificates which financed the acquisition and construction thereof to the date of payment thereof, together with all other amounts owing in regard to such Project, including Trustee fees and expenses and the fees and expenses of the applicable Credit Enhancer and amount owing in regard to any Ground Lease relating to such Project, the Corporation, or its assignee, shall pay such surplus to the Board. Neither notice of sale or notice to pay rent or to deliver up possession of the Projects given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation, or its assignee and the applicable Credit Enhancer, shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of an Event of Default by the Board shall be or become effective by operation of law, or otherwise, unless and until the Corporation, or its assignee, shall have given written notice to the Board of the election on the part of the Corporation, or its assignee, to terminate this Lease Agreement as a result of such Event of Default.

#### **SECTION 7.05. APPOINTMENT OF CORPORATION AS AGENT.**

The Board hereby irrevocably appoints the Corporation, and its assignee, as the agent and attorney-in-fact of the Board to enter upon and sell or re-let the Projects in accordance with the terms hereof upon the happening of an Event of Default or an Event of Non-Appropriation. To the greatest extent permitted by applicable law and only from Available Revenues, the Board hereby exempts and agrees to save harmless, the Corporation, and its assignee, from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and the sale or letting of the Projects. The Board hereby waives any and all claims for damages caused, or which may be caused, by the Corporation, or its assignee, in taking possession of the Projects, for all claims for damages that may result from the destruction of or injury to the Projects, and all claims for damages to or loss of any property belonging to the Board that may be in or upon the Projects. The Board agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation, or its assignee, to enter and sell or re-let its interest in the Projects in accordance with the terms hereof. Notwithstanding the foregoing, the Board shall not be responsible for any costs incurred by the Corporation, or its assignee, to make the Projects suitable for reletting.

Nothing herein shall be deemed to delegate to any person any non-delegable governmental powers of the Board; and all power delegated to the Corporation by the Board hereunder shall be ministerial in nature.

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#### **SECTION 7.06. NON-WAIVER.**

Nothing in this Article VII or in any other provision of this Lease Agreement shall affect or impair the obligation of the Board to pay the Lease Payments, to the extent herein provided. No delay or omission of the Corporation, or its assignee, to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein, and every power and remedy given by this Article VII to the Corporation, and its assignee, may be exercised from time to time and as often as shall be deemed expedient by the Corporation, or its assignee.

#### **SECTION 7.07. REMEDIES NOT EXCLUSIVE.**

No remedy herein or by law conferred upon or reserved to the Corporation, and its assignee, is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and every remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise may be exercised without exhausting and without regard to any other remedy conferred or by any law.

#### **SECTION 7.08. STATUS QUO ANTE.**

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, then, and in every such case, the Corporation, and its assignee, and the Board shall be restored to its and their former position and rights and remedies as if no such suit, action or proceedings had been brought or taken.

#### **SECTION 7.09. NO MORTGAGE; ATTORNEY FEES.**

(a) The parties hereto explicitly intend to create a relationship of landlord and tenant and not a mortgage.

(b) The Corporation's damages hereunder shall include the cost of enforcement hereof and the collection of any judgment, including reasonable Attorneys' and Paralegals' fees and court costs of all trial and appellate levels and post judgment proceedings. All payments by the Board under this Article VII shall be made solely from funds legally available for such purpose.

#### **SECTION 7.10. NO WAIVER OF REMEDIES; LATE PAYMENTS; ACCORD AND SATISFACTION.**

(a) No failure on the part of either party to exercise, and no delay in exercising, any right or remedy provided for herein shall operate as a waiver thereof, nor shall any single or partial exercise by either party of any right or remedy provided hereunder, preclude any other or further exercise of any other right or remedy provided hereunder. Any provision of this Lease Agreement may be waived by an instrument in writing executed by the Board, the Corporation and the Trustee and the related Credit Enhancer, if any, and only in that manner.

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**ARTICLE VIII**  
**ADMINISTRATIVE PROVISIONS**

**SECTION 8.01. PRESERVATION AND INSPECTION OF DOCUMENTS.**

All documents received by the Corporation, or its assignee, or the Board under the provisions of this Lease Agreement shall be retained in their respective possessions and shall be subject at all reasonable times to the inspection of the other party hereto and its assigns, agents and representatives, any of whom may make copies thereof.

**SECTION 8.02. PARTIES OF INTEREST.**

Nothing in this Lease Agreement, expressed or implied, is to or shall be construed to confer upon or to give any person or party other than the Corporation, and its assignee, the applicable Credit Enhancer, if any, and the Board any rights, remedies or claims under or by reason of this Lease Agreement or any covenants, condition or stipulations hereof; and all covenants, stipulations, promises and agreements in this Lease Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the applicable Credit Enhancer, if any, and the Board. Each Credit Enhancer in respect of a Series of Certificates shall be deemed to be a third party beneficiary of this Lease Agreement as the same relates to such Series of Certificates.

**SECTION 8.03. NO RECOURSE UNDER AGREEMENT.**

All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of the Lease Payments or for any claim based thereon under this Lease Agreement against any member, officer, employee or agent of the parties hereto.

**SECTION 8.04. NOTICES.**

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail with postage fully prepaid

If to the Board: School Board of Walton County, Florida  
Tivoli Administrative Center  
145 Part Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: Superintendent

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**SECTION 8.08. APPLICABLE LAW; VENUE.**

This Lease Agreement shall be governed by and construed in accordance with the laws of the State with venue in Walton County, Florida.

**SECTION 8.09. CORPORATION AND BOARD REPRESENTATIVES.**

Whenever under the provisions of this Lease Agreement the approval of the Corporation or the Board is required or the Corporation or the Board are required to take some action at the request of the other, such approval of such request may be given for the Corporation by an Authorized Officer of the Corporation and for the Board by an Authorized Officer of the Board, and any party thereto shall be authorized to rely upon any such approval or request.

**SECTION 8.10. FURTHER ASSURANCES.**

The Corporation and the Board agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of any Project hereby leased or for carrying out the expressed intention of this Lease Agreement.

**SECTION 8.11. CERTIFICATE OF OFFICERS.**

Every certificate with respect to compliance with a condition or covenant provided for in this Lease Agreement may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless the Person providing the certificate knows that the certificate or representations with respect to the matters upon which the certificate may be based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

**SECTION 8.12. BUSINESS DAYS.**

Any act or thing required to be done or exist on any date set forth herein which does not constitute a Business Day in any year shall be deemed to be done or to exist on such date if such act or thing is done or exists on the next date which constitutes a Business Day.

**SECTION 8.13. EFFECT OF DISSOLUTION OF CORPORATION.**

In the event the Corporation for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Lease Agreement by or on behalf of or for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors of the Corporation from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Corporation" as used in this Lease Agreement shall include such successor or successors.

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If to the Corporation: Walton County Public Education Finance Authority, Inc.  
Tivoli Administrative Center  
145 Part Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: President

With a copy to:  
School Board of Walton County, Florida  
Tivoli Administrative Center  
145 Part Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: Superintendent

If to the Trustee: First Union National Bank  
225 Water Street, 3rd Floor  
Jacksonville, Florida 32202  
Attention: Corporate Trust Department

If to the Credit Enhancer for a Series of Certificates, to the address provided in the Supplemental Agreement for such series.

The parties hereto, by notice given hereunder, may, respectively, designate different addresses to which subsequent notices, certificates or other communications will be sent. A copy of all notices to one party to this Lease Agreement shall be transmitted to the other party to this Lease Agreement, and to the Trustee.

**SECTION 8.05. BINDING EFFECT.**

This Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the Board and their respective successors and assigns.

**SECTION 8.06. SEVERABILITY.**

If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Lease Agreement on the part of the Corporation or the Board to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenants, stipulation, promises, agreement or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Lease Agreement.

**SECTION 8.07. HEADINGS**

Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Lease Agreement, nor shall they affect its meaning, construction or effect.

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**SECTION 8.14. EXECUTION IN COUNTERPARTS.**

This Lease Agreement and any Lease Schedule hereto may be executed in several counterparts, each of which together with a counterpart executed by each of the other parties hereto and thereto shall constitute a single original and shall constitute but one and the same instrument.

**SECTION 8.15. MUTUAL WAIVER OF SUBROGATION RIGHTS.**

The Corporation and the Board and all parties claiming under them each mutually release and discharge the other from all claims and liabilities arising from or caused by a casualty or hazard covered or required hereunder to be covered in whole or in part by insurance on the Projects or Premises or in connection with property on or activities conducted on the Projects or Premises, and waive any right of subrogation which might otherwise exist in or accrue to each of them on account thereof and evidence such waiver by endorsement to the required insurance policies, provided that such release and waiver shall not operate in any case where the effect is to invalidate such insurance coverage.

**SECTION 8.16. NONRECOURSE OBLIGATION OF CORPORATION.**

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating hereto or any of the transactions contemplated hereby, the obligations, liabilities and responsibilities of the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed by the Corporation shall be payable solely out of the proceeds derived by the Corporation from the Projects (excluding any indemnities, reimbursements, service fees or other Lease Payments, Additional Lease Payments or Supplemental Rent) and the Corporation shall have no other or further liability hereunder or arising here from.

**SECTION 8.17. NO BROKERS.**

The Board and the Corporation each represents, warrants and covenants for itself that it has not caused nor incurred and will not cause or incur any claims for broker's commissions or finder's fees in connection with the execution of this Lease Agreement or of any Lease Schedule hereto and, to the extent permitted by applicable law and only from funds legally available for such purpose, indemnifies and holds the other harmless from and against all liabilities arising from any such claims caused or incurred by the Board or the Corporation (including, without limitation, reasonable Attorney's fees in connection therewith as specified in Section 7.09(b) hereof).

**SECTION 8.18. RADON WARNING.**

Section 404.056, Florida Statutes, requires that the following notification be given: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

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**SECTION 8.19. NO USURY.**

Notwithstanding anything herein, or in any Lease Schedule or in the Trust Agreement, the Ground Lease or any Assignment Agreement or the Certificates or otherwise, the Board shall have no obligation to pay, and the Corporation and the Owners of Certificates and each Credit Enhancer shall not charge, interest or charges in the nature of interest that would violate any legally binding limitation on interest rates. The Trustee shall not be responsible for determining usury and must disburse according to the Trust Agreement absent a final court order to the contrary from a court having jurisdiction over the Trust Agreement.

**SECTION 8.20. DATED DATE.**

This Lease Agreement is dated as of the date set forth above for convenience of reference only. The actual date of execution by each party hereof is set forth below the respective signatures for each party below.

**SECTION 8.21. WAIVER OF CHOICE OF REMEDIES.**

The Board hereby waives any right the Board may have to cause the Corporation to choose any remedy and pursue such remedy to fruition, and agrees and consents that the Corporation may simultaneously and contemporaneously pursue two or more of the several remedies available to the Corporation, all of which are agreed to be concurrent and not alternative in any way, to the end that the Corporation may exercise any self help remedy under this Lease Agreement as to any Lease Schedule and may file and pursue to final judgment and final collection, actions (i) to eject the Board and reclaim possession of any and all of the Projects, and (ii) against the Board for money damages and (iii) against the Board for performance of any covenants, all at the same time, in any combination, in one action and in several actions, and any of them, all at the Corporation's sole discretion, provided only that the Corporation may not ultimately recover more than the total amount provided herein plus such expenses and reimbursements as provided herein for preserving, maintaining and realizing on this Lease Agreement and the Lease Schedules.

**IN WITNESS WHEREOF**, the parties hereto have caused this Lease Agreement to be executed in their respective names by their duly Authorized Officers as of the date first above written.

**WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.,**

(SEAL)

By: [Signature]  
Title: President

**ATTEST:**

By: [Signature]  
Title: Secretary

(SEAL)

**SCHOOL BOARD OF  
WALTON COUNTY, FLORIDA**

By: [Signature]  
Title: Chairman

**ATTEST:**

By: [Signature]  
Title: Superintendent

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**EXHIBIT A**

**DEFINITIONS**

**SEE EXHIBIT "A" TO THE TRUST AGREEMENT**

**AT INDEX TAB #1**

**EXHIBIT B**

**FORM OF REQUISITION  
FOR PAYMENT OF PROJECT COSTS**

Date: \_\_\_\_\_

REQUISITION Number: \_\_\_\_\_

Total Disbursement Requested: \$ \_\_\_\_\_

Certificates: \_\_\_\_\_

Lease Schedule No. \_\_\_\_\_

Account or Subaccount of Projects Account: \_\_\_\_\_

To: [TRUSTEE], as Trustee\*\*\*\* Attn: \_\_\_\_\_ (the "Trustee")

The School Board of Walton County, Florida (the "Board"), consistent with the terms of the Trust Agreement, dated as of May 1, 1999 (the "Trust Agreement"), among the Board, the Trustee and the Walton County Public Education Finance Authority, Inc., (the "Corporation"), requests a disbursement from the above-described account or subaccount of the Project Account in the aggregate amount set forth above, for payment or reimbursement of Project Costs incurred for the acquisition, construction and installation of a portion of the Project described in the Lease Schedule.

Capitalized terms used in this Requisition shall have the same meaning ascribed to them in the Trust Agreement.

The Board does hereby direct and instruct the Trustee to pay such Project Costs to the Vendor, Contractor or Developer pursuant to the attached invoices, bills and statements (or if indicated below, to reimburse the Board for payment of the attached invoices, bills and statements or to transfer moneys to the Board in order for it to pay such invoices, bills and statements) from moneys in the above-described account or subaccount of the Project Account, as follows:

<u>Amount</u>	<u>Payee</u>	<u>Description of Project Cost</u>	<u>Payment Instructions</u>
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To induce the Trustee to approve this Requisition and disburse such moneys from the above-described account or subaccount of the Project Account, the undersigned certifies as follows:

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1. The portions of the Project described in the Lease Schedule which are described in this Resolution have been thoroughly inspected and accepted by the Board in accordance with the terms of the Lease Agreement. The Board has satisfied itself that such portion of such Project is suitable for its purposes.

2. Attached hereto is an invoice and bill of sale for each item of Equipment which constitutes a portion of the Project described in the Lease Schedule to be reimbursed hereby. Each bill of sale indicates that title to such purchased items of Equipment, other than Designated Equipment, shall be in the name of the Corporation and title to items of Designated Equipment shall be in the name of the Board. Also attached hereto is a fully-executed purchase contract and title insurance policy for each item of Land which constitutes a portion of such Project to be reimbursed hereby.

3. The Board has previously provided the Trustee with all documents required by Section 6.03(d)(i) of the Trust Agreement prior to submitting any Requisition relating to construction of a Building which is part of the Project described in the Lease Schedule. Attached hereto is a copy of a certificate of the \_\_\_\_\_ as required by Section 6.03(d)(ii) of the Trust Agreement relating to the construction of a Building which is part of the Project described in the Lease Schedule.

4. Attached hereto is a certification required by Section 6.03(d)(iii) of the Trust Agreement for any Architects or Engineer's progress payments which are the subject of this Requisition, which payments are hereby approved by the Board.

5. There are no liens against any such portion of the Project to be reimbursed hereby, other than Permitted Encumbrances.

6. To date, the Board has timely complied with all its obligations under the Lease Agreement.

7. All funds previously disbursed by the Trustee for Project Costs from the above-described account or sub-account of the Project Account have been applied in accordance with the Requisition requesting same and the amounts requested herein are to be used to pay for Project Costs which have not been previously paid for with disbursements from the above-described account or subaccount of the Project Account or included in previous Requisitions submitted by the Board to the Trustee.

8. The following constitutes an itemized list of the attachments to this certificate:

(insert itemized list)

9. The amount remaining in the above-described account or subaccount of the Project Account will, after payment of the amount set forth in this Requisition, be sufficient to pay all remaining applicable Project Costs relating to the Lease Schedule as currently estimated.

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#### FORM OF REQUISITION FOR PAYMENT OF COSTS OF ISSUANCE

Date: \_\_\_\_\_

Requisition Number: \_\_\_\_\_

Total Disbursement Requested: \_\_\_\_\_

Certificates: \_\_\_\_\_

Lease Schedule No. \_\_\_\_\_

Account or Subaccount of Costs of Issuance Account: \_\_\_\_\_

To: [TRUSTEE], as Trustee (the "Trustee")

The School Board of Walton County, Florida (the "Board"), consistent with the terms of the Trust Agreement, dated as of June 1, 1999 (the "Trust Agreement"), among the Board, the Trustee and the Walton County Public Education Finance Authority, Inc., (the "Corporation"), requests a disbursement from the above-described account or subaccount of the Costs of Issuance Account in the aggregate amount set forth above, for payment or reimbursement of Costs of Issuance relating to the Certificates.

Capitalized terms used in this Requisition shall have the same meaning ascribed to them in the Trust Agreement.

The Board does hereby direct and instruct the Trustee to pay the Costs of Issuance to the Person indicated below pursuant to the attached invoices (or if indicated below, to reimburse the Board for payment of the attached invoices or to transfer moneys to the Board in order for it to pay such invoices) from moneys in the above-described account or subaccount of the Costs of Issuance Account, as follows:

Amount	Payee	Description of Project Cost	Payment Instructions
--------	-------	-----------------------------	----------------------

To induce the Trustee to approve this Requisition and disburse such moneys from the above-described account or subaccount of the Costs of Issuance Account, the undersigned certifies as follows:

1. The Costs of Issuance which are described in the attached invoices have been approved by the Board.

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10. According to our records, the aggregate dollar amount disbursed for Project Costs relating to the Lease Schedule (including the amount requested in this Requisition) is \$ \_\_\_\_\_.

11. Execution of this Requisition shall constitute an affirmation of the completeness and accuracy of the representations and warranties contained in Section 5.02 of the Lease Agreement as of the date of execution hereof.

SCHOOL BOARD OF  
WALTON COUNTY, FLORIDA

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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2. Attached hereto is an invoice for such Costs of Issuance.

3. To date, the Board has timely complied with all its obligations under the Lease Agreement.

4. All funds previously disbursed by the Trustee for Costs of Issuance relating to the Certificates from the above-described account or subaccount of the Costs of Issuance Account have been applied in accordance with the Requisitions requesting same and the amounts requested herein are to be used to pay for Costs of Issuance relating to the Certificates which have not been previously paid for with disbursements from such account or subaccount of the Costs of Issuance Account or included in previous Requisitions submitted by the Board to the Trustee.

5. The following constitutes an itemized list of the attachments to this certificate:

(insert itemized list)

6. The amount remaining in the above-described account or subaccount of the Costs of Issuance Account, will, after payment of the amount set forth in this Requisition, be sufficient to pay all remaining applicable Costs of Issuance as currently estimated.

7. According to our records, the aggregate dollar amount disbursed for Costs of Issuance relating to the Certificates (including the amount requested in this Requisition) is \$ \_\_\_\_\_.

8. Execution of this Requisition shall constitute an affirmation of the completeness and accuracy of the representations and warranties contained in Section 5.02 of the Lease Agreement as of the date of execution hereof.

SCHOOL BOARD OF  
WALTON COUNTY, FLORIDA

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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**EXHIBIT C**  
**FORM OF LEASE SCHEDULE**

Schedule No. \_\_\_\_\_  
to the  
Master Lease-Purchase Agreement,  
dated as of June 1, 1999,  
between  
Walton County Public Education Finance Authority, Inc. (the "Corporation")  
and  
School Board of Walton County, Florida (the "Board")

THIS LEASE SCHEDULE NO. \_\_\_\_\_ (the "Lease Schedule") is hereby entered into under and pursuant to that certain Master Lease Purchase Agreement, dated as of June 1, 1999 (the "Lease Agreement"), pursuant to which the Corporation has agreed to lease-purchase to the Board and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Lease Agreement, the Series \_\_\_\_\_ Project as herein described. All defined terms not otherwise defined herein shall have the respective meanings therefor set forth in the Lease Agreement. Reference to "Lease Agreement" herein shall include the terms of this Lease Schedule.

1. Series \_\_\_\_\_ Project. The lease property, which is described in Section 6 of this Lease Schedule (the "Series \_\_\_\_\_ Project"), and has a Maximum Cost of \$\_\_\_\_\_, shall be acquired, constructed and installed, and lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.

2. Commencement Date; Lease Term; Other Definitions. For purposes of this Lease Schedule and the Lease Agreement:

(a) The Commencement Date for the Series \_\_\_\_\_ Project is \_\_\_\_\_.

(b) The Initial Lease Termination Date of the lease of the Series \_\_\_\_\_ Project shall be \_\_\_\_\_. The Maximum Lease Term shall commence on the Commencement Date hereof and terminate on \_\_\_\_\_.

(c) The Estimated Completion Date is \_\_\_\_\_.

(d) The Replacement Amount is \_\_\_\_\_.

(e) The Stipulated Loss Values are shown on Schedules attached hereto.

3. Certificates of Participation.

(a) The Certificates of Participation issued under the Trust Agreement and related to this Lease Schedule are identified as "Certificates of Participation, Series \_\_\_\_\_ Evidencing an Undivided Proportionate Interest of the Owners thereof in

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6. The Series \_\_\_\_\_ Project. The Project Description, Project Budget and Project Schedule for the Series \_\_\_\_\_ Project are attached hereto as Schedule B.

7. Designated Equipment. The Designated Equipment for the Series \_\_\_\_\_ Project is attached hereto as part of Schedule B.

8. The Land. A description of the Land, including any Ground Lease, is attached as Schedule C attached hereto.

9. Other Documents. The documents required by Section 3.01(c) of the Lease Agreement to be submitted with this Lease Schedule are attached hereto as Schedule D.

10. Assignment Agreement. The Corporation hereby acknowledges that all Lease Payments and its rights, title and interest in this Lease Schedule have been heretofore assigned to the Trustee pursuant to the Assignment Agreement.

11. Other Permitted Encumbrances.

12. Special Terms and Conditions for Lease Schedule.

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Basic Rent Payments to be made by the School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor" (the "Series \_\_\_\_\_ Certificates").

(b) The Credit Enhancer for the Series \_\_\_\_\_ Certificates shall be \_\_\_\_\_.

(c) The Reserve Requirement for the Series \_\_\_\_\_ Subaccount established in the Reserve Account under the Trust Agreement shall be \_\_\_\_\_.

(d) The Optional Prepayment Date shall be \_\_\_\_\_.

(e) The Closure Date of the Series \_\_\_\_\_ Subaccount of the Project Account established for the Series \_\_\_\_\_ Certificates, for purposes of Section 6.03(g) of the Trust Agreement, shall be \_\_\_\_\_.

(f) The Series \_\_\_\_\_ Prepayment Subaccount established for the Series \_\_\_\_\_ Certificates, shall be \_\_\_\_\_.

4. Basic Rent. The Basic Rent payable by the Board to the Corporation with respect to the Series \_\_\_\_\_ Project under the Lease Agreement is described in Schedule A attached hereto.

5. Use of Certificate Proceeds. The proceeds of the Series \_\_\_\_\_ Certificates shall be disbursed as follows:

Deposit to Series \_\_\_\_\_  
Subaccount of Project  
Account established for  
Series \_\_\_\_\_ Certificates

Deposit to Series \_\_\_\_\_  
Subaccount of Costs of  
Issuance Account established  
for Series \_\_\_\_\_ Certificates

Deposit to Series \_\_\_\_\_  
Subaccount of Capitalized  
Interest Account established  
for Series \_\_\_\_\_ Certificates

Deposit to Series \_\_\_\_\_ Subaccount  
of the Interest Account established  
for Series \_\_\_\_\_ Certificates

Deposit to Series \_\_\_\_\_  
Subaccount of Reserve  
Account established for  
Series \_\_\_\_\_ Certificates

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**IN WITNESS WHEREOF**, each of the parties hereto have caused this Lease Schedule No. \_\_\_\_\_ to be executed by their proper corporate officers, all as of the \_\_\_\_\_ day of \_\_\_\_\_.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

(SEAL)

**ATTEST**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**SCHOOL BOARD OF  
WALTON COUNTY, FLORIDA**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

(SEAL)

**ATTEST**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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**EXHIBIT "D-1"**

**CERTIFICATE OF SCHOOL BOARD  
IN CONNECTION WITH LEASE SCHEDULE**

Pursuant to Section 3.01(c)(ii) of the Master Lease-Purchase Agreement, dated as of June 1, 1999 (the "Lease Agreement"), by and between the School Board of Walton County, Florida (the "School Board") and the Walton County Public Education Finance Authority, Inc., as supplemented by Lease Schedule No. 1999-1, the undersigned officer of the School Board hereby certifies as follows:

(a) All covenants, representations and warranties of the School Board made under the Lease Agreement, as modified by Lease Schedule No. 1999-1, are affirmed, and

(b) No defaults, as defined pursuant to the Lease Agreement, have occurred or are continuing to occur.

**IN WITNESS WHEREOF**, I hereunto set my hand and deliver this Certificate on this 30th day of June, 1999.

**SCHOOL BOARD OF WALTON COUNTY,  
FLORIDA**

(seal)

By: \_\_\_\_\_  
Its: Chairman

**ATTEST:**

By: \_\_\_\_\_  
Its: Superintendent

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**EXHIBIT "D-2"**

**LESSOR'S CERTIFICATE**

The Lessor represents, covenants and warrants to the Board, the Trustee and the Certificate Insurer as follows:

(a) The Lessor is a corporation duly organized, existing and in good standing under the laws of the State and is qualified to do business and is in good standing in the State; has full and complete power to enter into Lease Schedule No. 1999-1 (the "Schedule"), 1999-1 Ground Lease Agreement (the "Ground Lease"), the Series 1999 Supplemental Trust Agreement and the Series 1999 Supplemental Assignment Agreement and to enter into and carry out the transactions contemplated hereby and thereby, and to carry out its obligations under the Schedule, the Ground Lease, the Series 1999 Supplemental Trust Agreement and the Series 1999 Supplemental Assignment Agreement; is possessed with full power to own and hold real and personal property and to lease the same; and has duly authorized the execution and delivery of the Schedule, the Ground Lease, the Series 1999 Supplemental Trust Agreement and the Series 1999 Supplemental Assignment Agreement.

(b) Neither the execution and delivery of the Schedule, the Ground Lease, the Series 1999 Supplemental Trust Agreement or the Series 1999 Supplemental Assignment Agreement, nor the fulfillment of or compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby and thereby conflicts with or results in a breach of the terms, conditions or provisions of any restriction, any agreement or any instrument to which the Lessor is now a party or by which the Lessor or its property are bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessor, or upon the Series 1999 Project, except Permitted Encumbrances.

(c) No member of the Board of Directors of the Corporation or any other officer of the Corporation has any significant or conflicting interest, financial, employment or otherwise, in the Series 1999 Project or in the transactions contemplated hereby.

Dated: June 30, 1999

**WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.**

**SEAL**

By: \_\_\_\_\_  
President

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## LEASE SCHEDULE

**Amended and Restated  
Schedule No. 2010 to the  
MASTER LEASE-PURCHASE AGREEMENT,  
dated as of June 1, 1999, between the  
Walton County Public Education Finance Authority, Inc. (the "Corporation") and  
The School Board of Walton County, Florida (the "Board")**

**THIS AMENDED AND RESTATED LEASE SCHEDULE NO. 2010** (the "Lease Schedule") hereby amends and restates in its entirety Lease Schedule No. 2010, dated as of August 1, 2010, between the Corporation and the Board (collectively, the "Original Lease Schedule"), which established a new Lease Schedule No. 2010 under and pursuant to that certain Master Lease-Purchase Agreement, dated as of June 1, 1999, as amended and supplemented, and as particularly supplemented by this Lease Schedule (the "Master Lease Agreement" and, together with the Lease Schedule, the "Series 2010 Lease Agreement"), pursuant to which the Corporation has agreed to lease-purchase to the Board, and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Series 2010 Lease Agreement, the Series 2010 Project as herein described.

All capitalized terms not otherwise defined herein shall have the respective meanings therefor as set forth in (i) the Series 2010 Lease Agreement, or (ii) the Trust Agreement, dated as of June 1, 1999, as amended and supplemented (the "Master Trust"), including as particularly amended and supplemented by the Series 2017 Supplemental Trust Agreement, dated as of October 1, 2017 (the "Series 2017 Supplemental Trust Agreement", and together with the Master Trust, the "Trust Agreement"), each between the Corporation and U.S. Bank National Association, as successor trustee (the "Trustee"). Reference to "Lease Agreement" herein shall include the terms of this Lease Schedule.

1. Findings. The Board and the Corporation hereby find and determine that:

(a) The Board has heretofore executed and delivered the Master Lease Agreement pursuant to which it has established a master lease-purchase program.

(b) The Board has heretofore leased the Series 2010 Project from the Corporation in accordance with the terms of the Master Lease Agreement and the Original Lease Schedule.

(c) The Board has heretofore caused the Refunded Certificate to be executed, authenticated, and delivered by the Trustee in connection with the financing of the costs of acquisition and construction and the Board's leasing of the Series 2010 Project.

(d) The Board and the Corporation deem it in their best interests to restructure the Basic Rent Payments due under the Original Lease Schedule by issuing Refunded Certificates for the purpose of refunding, on a current basis, the outstanding Refunded Certificate.

(e) In order to accomplish such refunding, as applicable, the Board and the Corporation hereby agree to cause the issuance of the Series 2017 Certificates (as defined herein) pursuant to the Trust Agreement.

(f) The Board and the Corporation further agree to use a portion of the proceeds of the Series 2017 Certificates to (i) prepay the Refunded Certificate pursuant to the terms of the Trust Agreement (including, particularly, Articles V and XII thereof) in order to restructure and reduce certain Basic Rent Payments payable under the Original Lease Schedule as aforesaid and (ii) pay costs associated with the issuance of the Series 2017 Certificates. The portion of the proceeds of the Series 2017 Certificates to be applied to the refunding of the Refunded Certificate shall constitute a prepayment of Basic Rent Payments by the Board.

(g) The refunding of the Refunded Certificate is in the best interests of the Board and the Corporation because it results in a decrease in Basic Rent Payments associated with the portion of the Series 2010 Project being refinanced with the proceeds of the Refunded Certificate.

(h) In consideration for the prepayment of such Basic Rent Payments, the Board and the Corporation agree to enter into this Amended and Restated Lease Schedule, whereby the Board will lease the Series 2010 Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on that portion of the Series 2017 Certificates allocable to the Series 2010 Project.

2. Series 2010 Project; Lease-Purchase. The improvements, together with the leased property described in Exhibit I of this Lease Schedule (collectively, the "Series 2010 Project"), has been acquired, constructed, installed, and lease-purchased by the Board from the Corporation pursuant to the terms of the Series 2010 Lease Agreement. The Series 2010 Project is being refinanced with a portion of the proceeds of the Series 2017 Certificates. The Series 2010 Project had a Maximum Cost of \$10,000,000.

3. Commencement Date; Lease Term; Other Definitions. For purposes of this Lease Schedule and the Series 2010 Lease Agreement:

(a) The Commencement Date for the Series 2010 Project was August 5, 2010.

(b) The Initial Lease Termination Date of the lease of the Series 2010 Project was June 30, 2011. The Maximum Lease Term with respect to this Lease Schedule commenced on the Commencement Date and shall terminate on June 30, 2021. The

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Counsel, to the Series 2017 Subaccount of the Interest Account, or Series 2017 Subaccount of the Principal Account, as applicable, to be credited against the payments next due to such accounts or subaccounts.

5. Basic Rent. The Basic Rent, and the Principal Component and Interest Components thereof, payable by the Board to the Corporation with respect to the Series 2010 Project under the Series 2010 Lease Agreement is described on Schedule "A" attached hereto. The Basic Rent is due and payable from the Board no later than 10th day of the month immediately preceding the Basic Rent Payment Date, commencing December 10, 2017.

6. Use of Certificate Proceeds.

(a) The proceeds of the Refunded Certificate were disbursed as follows:

	Refunded Certificate Proceeds
Deposit to Series 2010 Subaccount of Costs of Issuance Account	\$ 75,000.00
Deposit to Series 2010 Subaccount of Project Account	6,029,782.50
TOTAL PROCEEDS	\$6,104,782.50

(b) The proceeds of the Series 2017 Certificates related to the Series 2010 Project shall be used as follows:

	Series 2017 Certificate Proceeds
Deposit to Series 2017 Subaccount of Costs of Issuance Account <sup>(1)</sup>	\$ 22,354.39
Refunding of the Refunded Certificate	3,392,854.72
TOTAL PROCEEDS related to the Series 2010 Project	\$3,415,209.11

<sup>(1)</sup> The Underwriters' discount of \$6,889.34 was retained by the Underwriters.

7. Designated Equipment. A description of any Designated Equipment for the Series 2010 Project is set forth as part of Exhibit "I-A."

8. The Land. A description of the Land is attached as Exhibit "I-C" attached hereto.

9. Property Insurance. With respect to the Series 2017 Certificates, notwithstanding the provisions set forth in Sections 5.05 and 5.06 of the Master Lease Agreement related to property insurance coverage, the following provisions shall apply:

Board presently intends to continue the Lease Agreement with respect to the Series 2010 Project for the Maximum Lease Term.

(c) The Completion Date for the Series 2010 Project was in April 2011.

4. Certificates of Participation.

(a) The Certificates of Participation issued under the Trust Agreement and related to this Lease Schedule are identified as "Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor" (the "Series 2017 Certificates").

(b) The Series 2017 Certificates are subject to optional prepayment prior to maturity as described in the Series 2017 Supplemental Trust Agreement.

(c) The Reserve Requirement for the Series 2017 Certificates is \$0.00 under the Trust Agreement, and no Subaccount has been created within the Reserve Account for the benefit of the Series 2017 Certificates.

(d) The Closure Date of the Series 2010 Subaccount of the Project Account established for the Series 2010 Project, for purposes of Section 6.03(g) of the Trust Agreement, shall not be applicable.

(e) There shall be no Prepayment Amount relating to the Series 2010 Subaccount of the Project Account established for the Series 2010 Project for purposes of Section 6.03(g) of the Trust Agreement.

(f) Notwithstanding the provisions set forth in Sections 5.08(c) and (d) of the Master Lease Agreement, if the portion of the Net Proceeds related to the Series 2010 Project allocable to the Series 2017 Certificates is not greater than the amount of the Lease Payments represented by the Series 2017 Certificates coming due in the immediately following fiscal year under the Series 2010 Lease Agreement, then such amounts shall be used first, to pay the Interest Component of the Series 2017 Certificates for the next two interest Payment Dates and then to pay the Principal Component next coming due. In the event such portion of the Net Proceeds is greater than the amount of the Lease Payments represented by the Series 2017 Certificates coming due hereunder in the immediately following fiscal year, at the option of the Board, the Board shall apply the portion of the Net Proceeds of such insurance or condemnation award allocable to the Series 2017 Certificates to (i) the acquisition, construction and installation of other Land and/or Buildings to be used for educational purposes that will be subject to the Series 2010 Lease Agreement, or (ii) upon receipt of an approving opinion of Special

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(a) The Board shall procure and maintain, or cause to be procured and maintained, throughout the Lease Term, subject to the requirements of State law, insurance against loss or damage to any part of the Series 2010 Project by fire or lightning at such coverage levels as are available at commercially reasonable costs to the Board, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke, and such other hazards as are normally covered by such insurance. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Board, and may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 of the Master Lease Agreement. The Net Proceeds of such insurance shall be applied as provided in Section 5.06 of the Master Lease Agreement.

(b) Flood insurance shall be separately maintained by the Board for any property included in the Series 2010 Project which is located in a federally designated flood plain, in such amounts per occurrence as are available at commercially reasonable costs and in minimum amounts necessary to qualify for federal disaster relief programs. In the event the Board considers flood insurance to be unavailable at commercially reasonable rates, it shall so notify the Trustee. If the Trustee identifies insurance for such coverage at commercially reasonable rates, the Board shall be obligated to obtain such insurance. In the event that the Trustee and the Board determine that flood insurance is unavailable at commercially reasonable rates, such flood insurance shall be maintained in whole in the form of self-insurance by the Board in compliance with the provisions of Section 5.07 of the Master Lease Agreement.

(c) It is agreed that copies of all policies of insurance required by the Lease Agreement shall not be delivered to the Trustee and evidence of payment of the premium for such policies shall not be furnished to the Trustee. The Board shall provide the Trustee annually each June 1 commencing June 1, 2018, with a certificate stating that it has complied with the provisions of Section 5.04, 5.05 (as modified hereby), and 5.07 of the Lease Agreement (including payment of the premiums on all insurance policies required thereby). The Trustee shall be entitled to rely upon said certificate of the Board as to the Board's compliance with the provisions of such sections of the Lease Agreement. The Trustee makes no representation as to and shall have no responsibility for the sufficiency or adequacy of the insurance.

10. Other Documents. The documents required by Section 3.01(c) of the Lease Agreement to be submitted with this Lease Schedule are attached hereto as Schedule "B".

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11. Assignment by Corporation.

(a) The Corporation hereby acknowledges that all Lease Payments and its rights, title, and interest in this Amended and Restated Lease Schedule, and with certain exceptions, the Master Lease Agreement, have been assigned to the Trustee pursuant to the Assignment Agreement, dated as of June 1, 1999, as amended and supplemented, and as particularly supplemented by the Series 2017 Supplemental Assignment Agreement, dated as of October 1, 2017, each between the Corporation and the Trustee.

(b) The Corporation and Board acknowledge that all of its right, title, and interest in the Series 2010 Ground Lease Agreement has been assigned to the Trustee pursuant to the Series 2010 Ground Lease Agreement.

12. Representations and Warranties. The Board hereby represents that its representations, covenants, and warranties set forth in the Lease Agreement are true and correct as of the date hereof as if set forth in full herein.

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IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Lease Schedule No. 2010 to be executed by its proper corporate officers, all as of the 1<sup>st</sup> day of October, 2017.

WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.

By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the Board has caused this Amended and Restated Lease Schedule No. 2010 to be executed by its proper corporate officers, all as of the 1<sup>st</sup> day of October, 2017.

THE SCHOOL BOARD OF WALTON  
COUNTY, FLORIDA

By: \_\_\_\_\_  
Chairperson

ATTEST:

By: \_\_\_\_\_  
Superintendent, ex-officio Secretary

EXHIBIT "I"

SERIES 2010 PROJECT DESCRIPTION

The Series 2010 Project to be refinanced with a portion the proceeds of the Series 2017 Certificates consists of the acquisition, construction, and/or installation of various capital improvements constituting educational facilities within the District, including, but not limited to, the construction and equipping of the Emerald Coast Middle School with such changes and modifications and related capital improvements as shall be deemed necessary or appropriate, located on Land more fully described on Exhibit "I-C."

**EXHIBIT "I-A"**

**DESIGNATED EQUIPMENT**

Any personal property included in the Series 2010 Project and paid for with proceeds of the Refunded Certificate, as permitted by law.

**EXHIBIT I-B**

**EXCERPT OF THE EDUCATIONAL PLANT SURVEY RELATED TO THE  
SERIES 2010 PROJECT**

Exhibit I-2

Exhibit I-3

**EXHIBIT "I-C"**

**LEGAL DESCRIPTION OF LAND**

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 35,  
TOWNSHIP 2 SOUTH, RANGE 19 WEST, ALL LYING AND BEING IN WALTON COUNTY,  
FLORIDA.

**SCHEDULE "A"**

**BASIC RENT PAYMENTS  
SERIES 2017 CERTIFICATES**

BASIC RENT PAYMENT DATE	CERTIFICATE PAYMENT DATE	SERIES 2017 CERTIFICATES PRINCIPAL COMPONENT	SERIES 2017 CERTIFICATES INTEREST COMPONENT	TOTAL PRINCIPAL AND INTEREST COMPONENTS
12/10/2017	1/1/2018	--	\$31,211.11	\$31,211.11
6/10/2018	7/1/2018	\$1,070,000	70,225.00	1,140,225.00
12/10/2018	1/1/2019	--	48,825.00	48,825.00
6/10/2019	7/1/2019	1,060,000	48,825.00	1,108,825.00
12/10/2019	1/1/2020	--	27,625.00	27,625.00
6/10/2020	7/1/2020	1,105,000	27,625.00	1,132,625.00
		<u>\$3,235,000</u>	<u>\$254,336.11</u>	<u>\$3,489,336.11</u>

Exhibit I-4

Schedule A-1

**SCHEDULE "B"**

**DOCUMENTS REQUIRED BY SECTION 3.01(c) OF LEASE AGREEMENT**

(i) A certified copy of a resolution duly adopted by the Board authorizing the lease-purchase of the Series 2010 Project described in this Lease Schedule and the execution and delivery of such Lease Schedule and the Supplemental Trust Agreement related thereto. See Closing Transcript Item No. 18(a) and 18(b).

(ii) A certificate of the Chairperson of the Board reaffirming the Board's covenants, representations, and warranties made under the Lease Agreement, except as modified by the Lease Schedule, and stating no default or Event of Non-Appropriation has occurred and is continuing under the Lease Agreement. See Closing Transcript Item No. 23.

(iii) An executed copy of any Ground Lease and the related Assignment of Ground Lease relating to the Project described in the Lease Schedule. See Closing Transcript Item No. 8 and 10(a) and 10(b).

(iv) An executed copy of the Supplemental Trust Agreement relating to the issuance of the Series of Certificates which shall fund the Project described in the Lease Schedule. See Closing Transcript Item No. 2.

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(v) An executed Certificate of Lessee. See Closing Transcript Item No. 22.

(vi) An executed Certificate of Lessor. See Closing Transcript Item No. 23.

Schedule B-1

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## LEASE SCHEDULE

**Schedule No. 2017 to the  
MASTER LEASE-PURCHASE AGREEMENT,  
dated as of June 1, 1999, between the  
Walton County Public Education Finance Authority, Inc. (the "Corporation") and  
The School Board of Walton County, Florida (the "Board")**

**THIS LEASE SCHEDULE NO. 2017** (the "Lease Schedule") is hereby entered into under and pursuant to that certain Master Lease-Purchase Agreement, dated as of June 1, 1999, as amended and supplemented, and as particularly supplemented by this Lease Schedule (the "Master Lease Agreement" and, together with the Lease Schedule, the "Series 2017 Lease Agreement"), pursuant to which the Corporation has agreed to lease-purchase to the Board, and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Series 2017 Lease Agreement, the Series 2017 Project as herein described.

All capitalized terms not otherwise defined herein shall have the respective meanings therefor as set forth in (i) the Series 2017 Lease Agreement, or (ii) the Trust Agreement, dated as of June 1, 1999, as amended and supplemented (the "Master Trust"), including as particularly amended and supplemented by the Series 2017 Supplemental Trust Agreement, dated as of October 1, 2017 (the "Series 2017 Supplemental Trust Agreement", and together with the Master Trust, the "Trust Agreement"), each between the Corporation and U.S. Bank National Association, as successor trustee (the "Trustee"). Reference to "Lease Agreement" herein shall include the terms of this Lease Schedule.

1. Series 2017 Project; Lease-Purchase. The improvements, together with the leased property described in Exhibit I of this Lease Schedule (collectively, the "Series 2017 Project"), shall be acquired, constructed, installed, and lease-purchased by the Board from the Corporation pursuant to the terms of the Series 2017 Lease Agreement. The Series 2017 Project is being financed with a portion of the proceeds of the Series 2017 Certificates. The Maximum Cost of the Series 2017 Project to be paid from proceeds of the Series 2017 Certificates is \$38,800,000, together with interest earnings thereon.

2. Commencement Date; Lease Term; Other Definitions. For purposes of this Lease Schedule and the Series 2017 Lease Agreement:

(a) The Commencement Date for the Series 2017 Project is October 11, 2017.

(b) The Initial Lease Termination Date of the lease of the Series 2017 Project shall be June 30, 2018. The Maximum Lease Term with respect to this Lease Schedule shall commence on the Commencement Date and terminate on June 30, 2038. The Board

presently intends to continue the Lease Agreement with respect to the Series 2017 Project for the Maximum Lease Term.

(c) The Estimated Completion Date for the Series 2017 Project is April 30, 2019.

(d) The Replacement Amount is \$38,800,000.

3. Certificates of Participation.

(a) The Certificates of Participation issued under the Trust Agreement and related to this Lease Schedule are identified as "Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor" (the "Series 2017 Certificates").

(b) There will be no Credit Enhancer for the Series 2017 Certificates.

(c) The Series 2017 Certificates are subject to optional prepayment prior to maturity as described in the Series 2017 Supplemental Trust Agreement.

(d) The Reserve Requirement for the Series 2017 Certificates is \$0.00 under the Trust Agreement, and no Subaccount has been created within the Reserve Account for the benefit of the Series 2017 Certificates.

(e) The Closure Date of the Series 2017 Subaccount of the Project Account established for the Series 2017 Project, for purposes of Section 6.03(g) of the Trust Agreement, shall be October 1, 2020, unless otherwise extended by the parties upon receipt of an opinion of counsel to the effect that such extension will not adversely affect the tax status of interest on the Series 2017 Certificates for federal income tax purposes.

(f) There shall be no Prepayment Amount relating to the Series 2017 Subaccount of the Project Account established for the Series 2017 Project for purposes of Section 6.03(g) of the Trust Agreement.

(g) Notwithstanding the provisions set forth in Sections 5.08(c) and (d) of the Master Lease Agreement, if the portion of the Net Proceeds related to the Series 2017 Project allocable to the Series 2017 Certificates is not greater than the amount of the Lease Payments represented by the Series 2017 Certificates coming due in the immediately following fiscal year under the Series 2017 Lease Agreement, then such amounts shall be used first, to pay the Interest Component of the Series 2017 Certificates for the next two interest Payment Dates and then to pay the Principal Component next

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Board, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke, and such other hazards as are normally covered by such insurance. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Board, and may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 of the Master Lease Agreement. The Net Proceeds of such insurance shall be applied as provided in Section 5.06 of the Master Lease Agreement.

(b) Flood insurance shall be separately maintained by the Board for any property included in the Series 2017 Project which is located in a federally designated flood plain, in such amounts per occurrence as are available at commercially reasonable costs and in minimum amounts necessary to qualify for federal disaster relief programs. In the event the Board considers flood insurance to be unavailable at commercially reasonable rates, it shall so notify the Trustee. If the Trustee identifies insurance for such coverage at commercially reasonable rates, the Board shall be obligated to obtain such insurance. In the event that the Trustee and the Board determine that flood insurance is unavailable at commercially reasonable rates, such flood insurance shall be maintained in whole in the form of self-insurance by the Board in compliance with the provisions of Section 5.07 of the Master Lease Agreement.

(c) It is agreed that copies of all policies of insurance required by the Lease Agreement shall not be delivered to the Trustee and evidence of payment of the premium for such policies shall not be furnished to the Trustee. The Board shall provide the Trustee annually each June 1 commencing June 1, 2018, with a certificate stating that it has complied with the provisions of Section 5.04, 5.05 (as modified hereby), and 5.07 of the Lease Agreement (including payment of the premiums on all insurance policies required thereby). The Trustee shall be entitled to rely upon said certificate of the Board as to the Board's compliance with the provisions of such sections of the Lease Agreement. The Trustee makes no representation as to and shall have no responsibility for the sufficiency or adequacy of the insurance.

9. Other Documents. The documents required by Section 3.01(c) of the Lease Agreement to be submitted with this Lease Schedule are attached hereto as Schedule "B".

10. Assignment by Corporation.

(a) The Corporation hereby acknowledges that all Lease Payments and its rights, title, and interest in this Lease Schedule, and with certain exceptions, the Master Lease Agreement, have been assigned to the Trustee pursuant to the Assignment Agreement, dated as of June 1, 1999, as amended and supplemented, and as particularly supplemented by the Series 2017 Supplemental Assignment Agreement, dated as of October 1, 2017, each between the Corporation and the Trustee.

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coming due. In the event such portion of the Net Proceeds is greater than the amount of the Lease Payments represented by the Series 2017 Certificates coming due hereunder in the immediately following fiscal year, at the option of the Board, the Board shall apply the portion of the Net Proceeds of such insurance or condemnation award allocable to the Series 2017 Certificates to (i) the acquisition, construction and installation of other Land and/or Buildings to be used for educational purposes that will be subject to the Series 2017 Lease Agreement, or (ii) upon receipt of an approving opinion of Special Counsel, to the Series 2017 Subaccount of the Interest Account, or Series 2017 Subaccount of the Principal Account, as applicable, to be credited against the payments next due to such accounts or subaccounts.

4. Basic Rent. The Basic Rent, and the Principal Component and Interest Components thereof, payable by the Board to the Corporation with respect to the Series 2017 Project under the Series 2017 Lease Agreement is described on Schedule "A" attached hereto. The Basic Rent is due and payable from the Board no later than 10th day of the month immediately preceding the Basic Rent Payment Date, commencing December 10, 2017.

5. Use of Certificate Proceeds. The proceeds of the Series 2017 Certificates related to the Series 2017 Project shall be used as follows:

	Series 2017 Certificate Proceeds
Deposit to Series 2017 Subaccount of Costs of Issuance Account <sup>(1)</sup>	\$ 217,901.51
Deposit to Series 2017 Subaccount of Project Account	38,800,000.00
TOTAL PROCEEDS	\$39,017,901.51

<sup>(1)</sup> The Underwriters' discount of \$108,866.99 was retained by the Underwriters.

6. Designated Equipment. A description of any Designated Equipment for the Series 2017 Project is set forth as part of Exhibit "I-A"

7. The Land. A description of the Land, including any Ground Lease, is attached as Exhibit "I-C" attached hereto.

8. Property Insurance. With respect to the Series 2017 Certificates, notwithstanding the provisions set forth in Sections 5.05 and 5.06 of the Master Lease Agreement related to property insurance coverage, the following provisions shall apply:

(a) The Board shall procure and maintain, or cause to be procured and maintained, throughout the Lease Term, subject to the requirements of State law, insurance against loss or damage to any part of the Series 2017 Project by fire or lightning at such coverage levels as are available at commercially reasonable costs to the

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(b) The Corporation and Board acknowledge that all of its right, title, and interest in the Series 2017 Ground Lease Agreement has been assigned to the Trustee pursuant to the Series 2017 Ground Lease Agreement.

11. Representations and Warranties. The Board hereby represents that its representations, covenants, and warranties set forth in the Lease Agreement are true and correct as of the date hereof as if set forth in full herein.

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IN WITNESS WHEREOF, the Corporation has caused this Lease Schedule No. 2017 to be executed by its proper corporate officers, all as of the 1<sup>st</sup> day of October, 2017.

**WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.**

By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Secretary

IN WITNESS WHEREOF, the Board has caused this Lease Schedule No. 2017 to be executed by its proper corporate officers, all as of the 1<sup>st</sup> day of October, 2017.

**THE SCHOOL BOARD OF WALTON  
COUNTY, FLORIDA**

(SEAL)

By: \_\_\_\_\_  
Chairperson

ATTEST:

By: \_\_\_\_\_  
Superintendent, ex-officio Secretary

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**EXHIBIT "I"**

**SERIES 2017 PROJECT DESCRIPTION**

The Series 2017 Project to be partially financed with the proceeds of the Series 2017 Certificates consists of the acquisition, construction, and/or installation of educational facilities and equipment located in the District as described below:

**New Elementary School South**

New Elementary School South will be constructed on a 33 acre site owned by the School Board. When completed, the facilities will consist of 30 primary classrooms; 20 intermediate classrooms; two part time Exceptional Student Education ("ESE") classrooms; three full time ESE classrooms, two elementary art classrooms; two prekindergarten through fifth music classrooms; and facilities for physical education, administration, student personnel services, food services, staff support, teacher planning and custodial service. The cost of construction of the new elementary school will be approximately \$38,800,000. The elementary school is expected to be completed in April 2019.

**EXHIBIT "I-A"**

**DESIGNATED EQUIPMENT**

Any personal property included in the Series 2017 Project and paid for with proceeds of the Series 2017 Certificates, as permitted by law.



## EXHIBIT I-B

EXCERPT OF THE EDUCATIONAL PLANT SURVEY RELATED TO THE  
SERIES 2017 PROJECT

## EXHIBIT "I-C"

## LEGAL DESCRIPTION OF LAND

COMMENCING AT A 5/8" D.O.T. IRON REBAR MARKING THE NORTHWEST CORNER OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 18 WEST, WALTON COUNTY, FLORIDA; THENCE SOUTH 01 DEGREES 25 MINUTES 36 SECONDS WEST ON THE WESTERN BOUNDARY OF SAID SECTION A DISTANCE OF 2222.98 FEET TO A 5" ROUND CONCRETE MONUMENT (US ARMY CORP OF ENGINEERS #615 YEAR 1962), SAID POINT ALSO BEING ON THE SOUTH BOUNDARY LINE OF THE INTERCOASTAL WATERWAY (FROM CHOCTAWHATCHEE BAY TO WEST BAY, FLORIDA); THENCE DEPARTING SAID WESTERN BOUNDARY SOUTH 81 DEGREES 00 MINUTES 37 SECONDS EAST A DISTANCE OF 867.62 FEET TO A POINT; THENCE DEPARTING SAID SOUTH BOUNDARY LINE OF THE INTERCOASTAL WATERWAY SOUTH 39 DEGREES 01 MINUTES 12 SECONDS WEST A DISTANCE OF 183.27 FEET TO A POINT; THENCE SOUTH 49 DEGREES 08 MINUTES 01 SECONDS EAST A DISTANCE OF 315.30 FEET TO A POINT, SAID POINT BEING THE POINT OF BEGINNING; THENCE SOUTH 49 DEGREES 07 MINUTES 37 SECONDS EAST A DISTANCE OF 1195.25 FEET TO A POINT; THENCE SOUTH 40 DEGREES 50 MINUTES 19 SECONDS WEST A DISTANCE OF 1141.60 FEET TO A POINT; THENCE NORTH 49 DEGREES 09 MINUTES 41 SECONDS WEST A DISTANCE OF 1540.24 FEET TO A POINT, SAID POINT BEING THE POINT OF CURVATURE OF A CURVE CONCAVE TO THE SOUTHEAST; THENCE ALONG SAID CURVE HAVING AN ARC LENGTH OF 232.90 FEET, A RADIUS OF 905.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 44 MINUTES 42 SECONDS, A CHORD BEARING OF NORTH 34 DEGREES 22 MINUTES 00 SECONDS EAST AND A CHORD LENGTH OF 232.26 FEET TO A POINT, THENCE SOUTH 49 DEGREES 09 MINUTES 36 SECONDS EAST A DISTANCE OF 40.05 FEET TO A POINT, SAID POINT BEING THE POINT OF CURVATURE OF A CURVE CONCAVE TO THE SOUTHEAST; THENCE ALONG SAID CURVE HAVING AN ARC LENGTH OF 46.42 FEET, A RADIUS OF 865.00 FEET, A CENTRAL ANGLE OF 03 DEGREES 04 MINUTES 30 SECONDS, A CHORD BEARING OF NORTH 43 DEGREES 19 MINUTES 56 SECONDS EAST AND A CHORD LENGTH OF 46.42 FEET TO A POINT; THENCE NORTH 44 DEGREES 22 MINUTES 57 SECONDS EAST A DISTANCE OF 20.60 FEET TO A POINT; THENCE SOUTH 72 DEGREES 30 MINUTES 50 SECONDS EAST A DISTANCE OF 431.55 FEET TO A POINT; THENCE NORTH 35 DEGREES 09 MINUTES 35 SECONDS EAST A DISTANCE OF 62.92 FEET TO A POINT; THENCE NORTH 35 DEGREES 01 MINUTES 49 SECONDS EAST A DISTANCE OF 614.08 FEET TO A POINT, SAID POINT BEING THE POINT OF BEGINNING.

Exhibit I-3

Exhibit I-4

## SCHEDULE "A"

BASIC RENT PAYMENTS  
SERIES 2017 CERTIFICATES

BASIC RENT PAYMENT DATE	CERTIFICATE PAYMENT DATE	SERIES 2017 CERTIFICATES PRINCIPAL COMPONENT	SERIES 2017 CERTIFICATES INTEREST COMPONENT	TOTAL PRINCIPAL AND INTEREST COMPONENTS
12/10/2017	1/1/2018	--	\$370,500	\$370,500
6/10/2018	7/1/2018	--	833,625	833,625
12/10/2018	1/1/2019	--	833,625	833,625
6/10/2019	7/1/2019	--	833,625	833,625
12/10/2019	1/1/2020	--	833,625	833,625
6/10/2020	7/1/2020	\$1,180,000	833,625	2,013,625
12/10/2020	1/1/2021	--	804,125	804,125
6/10/2021	7/1/2021	1,245,000	804,125	2,049,125
12/10/2021	1/1/2022	--	773,000	773,000
6/10/2022	7/1/2022	1,305,000	773,000	2,078,000
12/10/2022	1/1/2023	--	740,375	740,375
6/10/2023	7/1/2023	1,370,000	740,375	2,110,375
12/10/2023	1/1/2024	--	706,125	706,125
6/10/2024	7/1/2024	1,440,000	706,125	2,146,125
12/10/2024	1/1/2025	--	670,125	670,125
6/10/2025	7/1/2025	1,515,000	670,125	2,185,125
12/10/2025	1/1/2026	--	632,250	632,250
6/10/2026	7/1/2026	1,590,000	632,250	2,222,250
12/10/2026	1/1/2027	--	592,500	592,500
6/10/2027	7/1/2027	1,670,000	592,500	2,262,500
12/10/2027	1/1/2028	--	550,750	550,750
6/10/2028	7/1/2028	1,750,000	550,750	2,300,750
12/10/2028	1/1/2029	--	507,000	507,000
6/10/2029	7/1/2029	1,840,000	507,000	2,347,000
12/10/2029	1/1/2030	--	461,000	461,000
6/10/2030	7/1/2030	1,930,000	461,000	2,391,000
12/10/2030	1/1/2031	--	412,750	412,750
6/10/2031	7/1/2031	2,030,000	412,750	2,442,750
12/10/2031	1/1/2032	--	362,000	362,000
6/10/2032	7/1/2032	2,130,000	362,000	2,492,000
12/10/2032	1/1/2033	--	308,750	308,750
6/10/2033	7/1/2033	2,235,000	308,750	2,543,750
12/10/2033	1/1/2034	--	252,875	252,875
6/10/2034	7/1/2034	2,345,000	252,875	2,597,875
12/10/2034	1/1/2035	--	194,250	194,250

Schedule A-1

6/10/2035	7/1/2035	2,465,000	194,250	2,659,250
12/10/2035	1/1/2036	--	132,625	132,625
6/10/2036	7/1/2036	2,590,000	132,625	2,722,625
12/10/2036	1/1/2037	--	67,875	67,875
6/10/2037	7/1/2037	2,715,000	67,875	2,782,875
Total		<u>\$33,345,000</u>	<u>\$20,875,375</u>	<u>\$54,220,375</u>

Schedule A-2

**SCHEDULE "B"**

**DOCUMENTS REQUIRED BY SECTION 3.01(c) OF LEASE AGREEMENT**

(i) A certified copy of a resolution duly adopted by the Board authorizing the lease-purchase of the Series 2017 Project described in this Lease Schedule and the execution and delivery of such Lease Schedule and the Supplemental Trust Agreement related thereto. See Closing Transcript Item No. 18(a) and 18(b).

(ii) A certificate of the Chairperson of the Board reaffirming the Board's covenants, representations, and warranties made under the Lease Agreement, except as modified by the Lease Schedule, and stating no default or Event of Non-Appropriation has occurred and is continuing under the Lease Agreement. See Closing Transcript Item No. 22.

(iii) An executed copy of any Ground Lease and the related Assignment of Ground Lease relating to the Project described in the Lease Schedule. See Closing Transcript Item No. 8 and 9.

(iv) An executed copy of the Supplemental Trust Agreement relating to the issuance of the Series of Certificates which shall fund the Project described in the Lease Schedule. See Closing Transcript Item No. 2.

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(v) An executed Certificate of Lessee. See Closing Transcript Item No. 22.

(vi) An executed Certificate of Lessor. See Closing Transcript Item No. 23.

Schedule B-1

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**APPENDIX F**

**ASSIGNMENT AGREEMENT AND FORM OF SERIES 2017 ASSIGNMENT AGREEMENT**

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## ASSIGNMENT AGREEMENT

**THIS ASSIGNMENT AGREEMENT**, is made and entered into as of June 1, 1999, by and among the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a not-for-profit corporation duly organized and validly existing under Chapter 617, Florida Statutes (the "Corporation") and **FIRST UNION NATIONAL BANK**, a national banking association with corporate trust powers duly qualified to enter into this Assignment Agreement, as Trustee under that certain Trust Agreement dated June 1, 1999, from the Corporation to the Trustee (the "Trustee").

All capitalized terms used herein and not otherwise defined herein shall have the meaning set forth therefor in Exhibit "A" to the Lease Agreement hereafter described.

### W I T N E S S E T H

In the joint and several exercise of their powers, in consideration of ten dollars in hand paid to each assignor hereunder and of the mutual covenants herein contained, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**RECITALS.** (A) The Corporation and the School Board of Walton County, Florida (the "Board") have entered into the Master Lease-Purchase Agreement, dated as of June 1, 1999 (which, together with all amendments and Lease Schedule No. 1999-1 thereto, shall be referred to herein as the "Lease Agreement"), between the Corporation and the Board, whereby the Corporation has agreed to lease to the Board, and the Board has agreed to lease from the Corporation, the Projects, as described in the Lease Agreement.

(B) The Certificates shall be issued from time to time in order to finance the acquisition, construction and installation of the Projects and the proceeds of the Certificates shall be deposited with the Trustee and shall be held and applied in accordance with the Trust Agreement.

(C) Pursuant to the Lease Agreement, the Board is obligated to make certain Lease Payments to the Corporation, or its assignee. In order to provide for the payment of the Certificates, the Corporation is willing to assign and transfer its rights and interest under the Lease Agreement to the Trustee for the benefit of the Owners of the Certificates.

(D) Each of the parties hereto has authority to enter into this Assignment Agreement, and has taken all necessary actions to authorize its officer to enter into it.

FILED AND RECORDED

DATE 07/06/1999 TM 11:27

DAN BODIFORD                      CLERK  
CO:WALTON                      ST:FL

FL 610959 B 2042 P 212

CO:WALTON                      ST:FL

MCL-05/25/99

Rev 06/05/99

Rev-06/28/99

Rev: 06/29 nd/99-6378-assnagmt

This document prepared by  
and return to:

Richard I. Lott

Miller, Canfield, Paddock and Stone,  
P.L.C.

25 West Cedar Street, Suite 500  
Pensacola, Florida 32501

**PART I**

**CORPORATION ASSIGNMENT OF LEASE AGREEMENT**

A. **ASSIGNMENT.** The Corporation, for good and valuable consideration received, does hereby irrevocably sell, assign, transfer and convey to the Trustee, for the benefit of the Owners of the Certificates, all of its right, title and interest in the Lease Agreement (other than the Retained Rights), including, but not limited to, its right to receive Lease Payments from the Board under the Lease Agreement and its right to use, sell and re-let its interest in the Projects (under the circumstances contemplated by the Lease Agreement), and the right to exercise such rights and remedies as are conferred on the Corporation by the Lease Agreement. All rights of the Corporation in each subsequent Lease Schedule shall be assigned to the Trustee upon execution and delivery thereof. The Lease Payments shall be applied, and the rights so assigned shall be exercised, by the Trustee as provided in the Trust Agreement. This sale, assignment and conveyance of the rights, title and interest of the Corporation under and to the Lease Agreement are immediately complete and effective for all purposes.

B. **TRUSTEE ACCEPTANCE.** The Trustee hereby accepts the foregoing assignment described in Section A of this Part I, in trust for the purpose of providing for the payment of the Certificates and assuring the rights of the Owners of the Certificates pursuant to the Trust Agreement.

C. **CONDITIONS.** This Assignment Agreement shall confer no rights and impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement.

D. **REPRESENTATIONS AND AGREEMENTS.** (a) With respect to the sale, assignment and conveyance of the rights, title and interest of the Corporation under the Lease Agreement, the Corporation represents, warrants and covenants to and with the Trustee (and upon execution and delivery of each Supplement hereto covering each Lease Schedule, the Corporation shall thereby be deemed to have represented, warranted and covenanted with respect to such Lease Schedule), for the benefit of the Owners of the Certificates, that:

(i) The Corporation is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted.

(ii) The Corporation is duly qualified to transact business and hold property and is in good standing in the State of Florida and wherever necessary to perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment Agreement.

(iii) The Corporation has full power, authority and legal right to enter into and perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment Agreement; and the execution, delivery and

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(c) The Corporation agrees to execute and deliver to the Trustee, upon request by the Trustee or the Owners of a majority in principal amount of the Certificates, any documents deemed necessary by the Trustee or such Owners to evidence further the assignment and conveyance herein made with respect to the Lease Agreement.

(d) The Corporation hereby irrevocably constitutes and appoints the Trustee or its successors or assigns, as its lawful attorney, with full power of substitution and resubstitution, to collect and to sue on behalf of the Corporation in the name of the Corporation or otherwise in any court for any Lease Payments or other amount due under the Lease Agreement, or any part thereof, to withdraw or settle any claims, suits or proceedings pertaining to or arising out of the Lease Agreement or pertaining to the Projects upon any terms, all without the assent of the Corporation; and, further, to take possession of and to endorse in the name of the Corporation any instrument for the payment of moneys received on account of the Lease Payments or other amounts due under the Lease Agreement.

(e) The Corporation has authorized and directed the Board to pay to the Trustee, its successors and assigns, all Lease Payments and all other amounts due and payable under the Lease Agreement.

(f) In order to provide for the payment of the Certificates, the Corporation hereby authorizes the Trustee to take possession of the Projects, and sell or re-let the leasehold interest in such Projects, or any portion thereof, in the circumstances described in the Trust Agreement.

E. **NON-RECOURSE.** The parties hereto agree that the assignment contained in this Part I of this Assignment Agreement shall be non-recourse with respect to the Corporation, and the Corporation shall have no liability hereunder to the Trustee or the Owners of any Certificates, with respect to the occurrence of an Event of Default or Event of Non-Appropriation by the Board under the Lease Agreement.

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performance of the Lease Agreement, the Trust Agreement and this Assignment Agreement by the Corporation have been duly authorized by all necessary corporate actions on the part of the Corporation, do not require any stockholder approval or the approval or consent of any trustee or holder of any indebtedness or obligations of the Corporation or any other Person or such required approvals and consents have heretofore been duly obtained.

(iv) The execution, delivery and performance of the Lease Agreement, the Trust Agreement and this Assignment Agreement do not contravene any provision of any Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate or result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any federal or state court, government or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

(v) To the Corporation's knowledge, the Lease Agreement and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder; and, the Lease Agreement, the Trust Agreement and this Assignment Agreement are legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganizations, moratoriums and creditors' rights generally and to the exercise of judicial discretion in accordance with general principles of equity.

(vi) The Corporation has complied, and will at all times hereafter comply with, and duly perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment Agreement.

(vii) There is no pending, or to the knowledge of the Corporation, threatened action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or government agency in any way affecting the ability of the Corporation to perform its obligations under the Lease Agreement, the Trust Agreement or this Assignment Agreement.

(viii) The Lease Agreement and the lease rights thereunder being herein assigned are free and clear of all claims, liens, mortgages, security interests and encumbrances arising through any act or omissions of the Corporation or any Person claiming by, through or under it, except the rights of the Board under the Lease Agreement and encumbrances permitted thereunder, including the Permitted Encumbrances.

(b) From and after the date of delivery to the Trustee of this Assignment Agreement, the Corporation shall have no further rights or interest under the Lease Agreement with respect to same or in any Lease Payments (except the Retained Rights), the Projects or other moneys due with respect thereto or to become due under the Lease Agreement.

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**PART II**

**CORPORATION ASSIGNMENT OF GROUND LEASE**

A. **ASSIGNMENT.** Know All Men By These Presents, that the Corporation, for and in consideration of Ten Dollars (\$10) and other good and valuable considerations to it in hand paid by Trustee, not in its individual capacity, but solely as Trustee, the receipt of which is hereby acknowledged, has sold, assigned, transferred and set over, and by these presents does sell, assign, transfer and set over unto the Trustee the following:

(a) The instrument of ground lease and the Leasehold Estate created by said instrument of ground lease, being that certain Ground Lease Agreement, dated as of June 1, 1999, as the same may be supplemented, modified or amended from time to time, a Memorandum of Ground Lease Agreement describing which has been duly recorded in the public records of Walton County, Florida, granted by the School Board of Walton County, Florida (the "Board"), acting as the governing body of the School District of Walton County, Florida, to the Corporation in and to the Premises described therein; and

(b) All supplements to such instrument of ground lease which may hereafter be entered into regarding additional property to be acquired by the School Board upon which any portion of the Project is to be constructed.

TO HAVE AND TO HOLD THE said instrument of ground lease, the Leasehold Estate created thereby, and any buildings and improvements thereon, unto Trustee, its successors and assigns forever; and

The Corporation does hereby covenant with the Trustee as grantee and assignee, its successors and assigns, that the Corporation (i) is the true and lawful owner of the Leasehold Estate created thereby, (ii) has good right to bargain, sell and transfer the same hereby, (iii) such Leasehold Estate of the Corporation is free and clear of any lien or encumbrance created by the Corporation, except for the "Lease Agreement", (iv) that as of the date hereof there is no default under the terms of said Ground Lease, and (v) from and after this Assignment contained in this Part II of this Assignment Agreement, the Corporation will have no further interest in such Ground Lease or the Leasehold Estate thereby created.

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**PART III**  
**MISCELLANEOUS**

A. NO INDIVIDUAL LIABILITY. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Assignment Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the assignment effected hereunder or for any claim based thereon under this Assignment Agreement against any member, officer, employee or agent of the parties hereto.

B. COUNTERPARTS. This Assignment Agreement may be executed in several counterparts, each of which together with a counterpart executed by each of the other parties hereto shall constitute a single original for all purposes of this Assignment Agreement and shall constitute but one and the same instrument.

C. LAW. This Assignment Agreement shall be construed under the laws of the State of Florida.

D. SEVERABILITY. If any one or more of the covenants, stipulations, promises, agreements, provisions or obligations provided in this Assignment Agreement on the part of any party hereto should be determined by a court of competent jurisdiction to be contrary to law, then such covenants, stipulation, promises, agreement or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Assignment Agreement.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

WALTON COUNTY PUBLIC  
EDUCATION FINANCE AUTHORITY,  
INC.

(SEAL)

By: [Signature]  
Title: President

Attest:

[Signature]  
Title: Secretary

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Rev-06/28/99  
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Rev-06/05/99  
Rev-06/nd/99-6378-assignmgt

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CO:WALTON ST:FL

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

**FIRST UNION NATIONAL BANK**  
not in its individual capacity but  
solely as trustee under the  
1999 Certificate Trust Agreement  
as described herein

By: [Signature]  
Title: TRUST OFFICER



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CO:WALTON ST:FL

STATE OF FLORIDA

COUNTY OF WALTON

I, Diane Hare, a Notary Public in and for the said County in the State aforesaid, do hereby certify that John F. Andrews and Terry Jones, personally known to me to be the same persons whose names are, respectively as President and Secretary of the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Corporation, and delivered the said instrument as the free and voluntary act of said Corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 29th day of June, 1999.



Personally Known X or  
Produced Identification \_\_\_\_\_  
Type of Identification \_\_\_\_\_  
Produced A/A

Diane Hare  
Notary Public  
My Commission Ends: 7-26-99  
Name: Diane Hare  
Address: 25 W. Cedar St., Suite 500  
Pensacola, Florida 32501

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STATE OF FLORIDA

COUNTY OF ESCAMBIA

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgements, personally appeared Michelle McKiernan, well known to me to be the Trust Officer, of **FIRST UNION NATIONAL BANK**, and that they acknowledged executing the same in the presence of two subscribing witnesses freely and voluntarily under authority duly vested in them by said Bank and that they took an oath.

WITNESS my hand and official seal in County and State last aforesaid this 29th day of June, 1999.

(SEAL) JEFFREY A. BRENNER  
NOTARY PUBLIC, STATE OF FLORIDA  
My Commission expires Jan. 3, 2001  
Commission No. CC610388

Personally Known \_\_\_\_\_ or  
Produced Identification ☒  
Type of Identification  
Produced: Florida Driver's License

Jeffrey A. Brenner  
Notary Public  
My Commission Ends: \_\_\_\_\_  
Name: Jeffrey A. Brenner  
Address: 25 West Cedar St., #500  
Pensacola, FL 32501

ACKNOWLEDGEMENT OF SCHOOL BOARD

The **SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, acting as the governing body of the Walton County School District (the "Board") hereby acknowledges the foregoing described Corporation has entered into and made this Assignment for the purposes set forth therein.

THE SCHOOL BOARD OF  
WALTON COUNTY, FLORIDA

By: James Jones  
Title: Chairman



John F. Blundworth Jr.  
Title: Superintendent

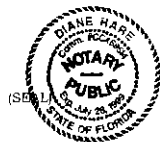
STATE OF FLORIDA

COUNTY OF WALTON

FL 610959 B 2042 P 223  
CO:WALTON ST:FL

I, Diane Hare, a Notary Public in and for the said County in the State aforesaid, do hereby certify that James Jones and John F. Blundworth Jr., personally known to me to be the same persons whose names are, respectively as Chairman and Superintendent of the **THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Corporation, and delivered the said instrument as the free and voluntary act of said Corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 29th day of June, 1999.



Personally Known ☒ or  
Produced Identification \_\_\_\_\_  
500  
Type of Identification  
Produced: A/H

Diane Hare  
Notary Public  
My Commission Ends: 7-26-99  
Name: Diane Hare  
Address: 25 W. Cedar St., Suite  
Pensacola, Florida 32501

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## SERIES 2017 SUPPLEMENTAL ASSIGNMENT AGREEMENT

**THIS SERIES 2017 SUPPLEMENTAL ASSIGNMENT AGREEMENT**, is made and entered into as of October 1, 2017, by and among the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a not-for-profit corporation duly organized and validly existing under Chapter 617, Florida Statutes (the "Corporation"); **THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, acting as the governing body of the Walton County School District (the "Board"); and **U.S. BANK NATIONAL ASSOCIATION**, as successor Trustee (the "Trustee") under that certain Trust Agreement, dated June 1, 1999, from the Board and the Corporation to the Trustee, as amended and supplemented, and as particularly supplemented by a Series 2017 Supplemental Trust Agreement, dated as of October 1, 2017 (collectively, the "Trust Agreement").

All capitalized terms used herein and not otherwise defined herein shall have the meaning set forth therefor in Exhibit "A" to the Lease Agreement hereafter described.

### WITNESSETH

In the joint and several exercise of their powers, in consideration of ten dollars in hand paid to each assignor hereunder and of the mutual covenants herein contained, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

(A) The Corporation and the Board have entered into the Master Lease-Purchase Agreement, dated as of June 1, 1999, as amended and supplemented (the "Master Lease Agreement"), and as particularly amended and supplemented by (i) the Amended and Restated Lease Schedule No. 2010, dated as of October 1, 2017 (the "Amended and Restated Lease Schedule No. 2010" and, together with the Master Lease Agreement, the "Series 2010 Lease Agreement"), and (ii) the Lease Schedule No. 2017, dated as of October 1, 2017 (the "Lease Schedule No. 2017" and, together with the Master Lease Agreement, the "Series 2017 Lease Agreement"), each between the Corporation and the Board, whereby the Corporation has agreed to lease to the Board, and the Board has agreed to lease from the Corporation, the Projects, as described in the Lease Agreement.

(B) The Certificates shall be issued from time to time in order to finance the acquisition, construction, and installation of the Projects and the proceeds of the Certificates shall be deposited with the Trustee and shall be held and applied in accordance with the Trust Agreement.

(C) The Board and the Corporation have agreed to refinance the property and improvements described as the "Series 2010 Project" in the Amended and Restated Lease Schedule No. 2010 finance Project (the "Series 2010 Project"), and in connection therewith have entered into the Amended and Restated Lease Schedule No. 2010.

(D) The Board and the Corporation have agreed to finance the property and improvements described as the "Series 2017 Project" in the Lease Schedule No. 2017 (the "Series 2017 Project"), and in connection therewith have entered into the Lease Schedule No. 2017.

(E) Pursuant to the Lease Agreement, the Board is obligated to make certain Lease Payments to the Corporation, or its assignee. In order to provide for the payment of the Certificates, the Corporation has assigned its rights and interest in the Lease Agreement pursuant to an Assignment Agreement, dated as of June 1, 1999, as amended and supplemented, as particularly amended and supplemented by this Series 2017 Supplemental Assignment Agreement (collectively, the "Assignment Agreement").

(F) Pursuant to this Series 2017 Supplemental Assignment Agreement, the Corporation is assigning and transferring its rights and interest under the Amended and Restated Lease Schedule No. 2010 and the Lease Schedule No. 2017 to the Trustee for the benefit of the Owners of the Series 2017 Certificates, as more fully described in the Amended and Restated Lease Schedule No. 2010 and the Lease Schedule No. 2017.

(G) Each of the parties hereto has authority to enter into this Series 2017 Supplemental Assignment Agreement, and has taken all necessary actions to authorize its officer to enter into it.

[Remainder of page intentionally left blank]

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perform its obligations under the Lease Agreement, the Trust Agreement and this Series 2017 Supplemental Assignment Agreement.

(3) The Corporation has full power, authority, and legal right to enter into and perform its obligations under the Lease Agreement, the Trust Agreement, and this Series 2017 Supplemental Assignment Agreement; and the execution, delivery, and performance of the Lease Agreement, the Trust Agreement, and this Series 2017 Supplemental Assignment Agreement by the Corporation have been duly authorized by all necessary corporate actions on the part of the Corporation, do not require any stockholder approval or the approval or consent of any trustee or holder of any indebtedness or obligations of the Corporation or any other Person or such required approvals and consents have heretofore been duly obtained.

(4) The execution, delivery, and performance of the Lease Agreement, the Trust Agreement, and this Series 2017 Supplemental Assignment Agreement do not contravene any provision of any Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate, or result in any breach of or constitute a default under any indenture, mortgage, contract, agreement, or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree, or ordinance of any federal or state court, government, or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

(5) The Lease Agreement and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder, and the Lease Agreement, the Trust Agreement, and this Series 2017 Supplemental Assignment Agreement are legal, valid, and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganizations, moratoriums, and creditors' rights generally and to the exercise of judicial discretion in accordance with general principles of equity.

(6) The Corporation has complied, and will at all times hereafter comply with, and duly perform its obligations under the Lease Agreement, the Trust Agreement, and this Series 2017 Supplemental Assignment Agreement.

(7) There is no pending, or to the knowledge of the Corporation, threatened action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or government agency in any way affecting the ability of the Corporation to perform its obligations under the Lease Agreement, the Trust Agreement, or this Series 2017 Supplemental Assignment Agreement.

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## PART I

### CORPORATION ASSIGNMENT OF LEASE AGREEMENT

(A) ASSIGNMENT. The Corporation hereby confirms that it has, for good and valuable consideration received, irrevocably sold, assigned, transferred, and conveyed to the Trustee, for the benefit of the Owners of the Certificates, all of its right, title, and interest in the Lease Agreement (other than the Retained Rights), including, but not limited to, its right to receive Lease Payments from the Board under the Lease Agreement and its right to use, sell, and re-let its interest in the Projects (under the circumstances contemplated by the Lease Agreement), and the right to exercise such rights and remedies as are conferred on the Corporation by the Lease Agreement. For good and valuable consideration received, the Corporation does hereby irrevocably and absolutely sell, assign, transfer, and convey to the Trustee, for the benefit of the Owners of the Series 2017 Certificates, all of its right, title, and interest in the Amended and Restated Lease Schedule No. 2010 and the Lease Schedule No. 2017 upon execution and delivery thereof. The Lease Payments in respect thereof shall be applied, and the rights so assigned shall be exercised, by the Trustee as provided in the Trust Agreement. This sale, assignment and conveyance of the rights, title and interest of the Corporation under and pursuant to the Lease Agreement are immediately complete and effective for all purposes.

(B) TRUSTEE ACCEPTANCE. The Trustee hereby accepts the foregoing assignment, in trust for the purpose of providing for the payment of the Series 2017 Certificates and assuring the rights of the Owners of the Series 2017 Certificates pursuant to the Trust Agreement.

(C) CONDITIONS. This Series 2017 Supplemental Assignment Agreement shall confer no rights and impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement.

### (D) REPRESENTATIONS AND AGREEMENTS.

(i) With respect to the sale, assignment and conveyance of the rights, title, and interest of the Corporation under the Lease Agreement, the Corporation represents, warrants, and covenants to and with the Trustee, for the benefit of the Owners of the Series 2017 Certificates, that:

(1) The Corporation is a not-for-profit corporation duly organized, validly existing, and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted.

(2) The Corporation is duly qualified to transact business and hold property and is in good standing in the State of Florida and wherever necessary to

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(8) The Lease Agreement and the lease rights thereunder being herein assigned are free and clear of all claims, liens, mortgages, security interests, and encumbrances arising through any act or omissions of the Corporation or any Person claiming by, through or under it, except the rights of the Board under the Lease Agreement and encumbrances permitted thereunder, including the Permitted Encumbrances.

(ii) From and after the date of delivery to the Trustee of this Series 2017 Supplemental Assignment Agreement, the Corporation shall have no further rights or interest under the Lease Agreement with respect to same or in any Lease Payments (except the Retained Rights), the Projects, or other moneys due with respect thereto or to become due under the Lease Agreement.

(iii) The Corporation agrees to execute and deliver to the Trustee, upon request by the Trustee or the Owners of a majority in principal amount of the Series 2017 Certificate, any documents deemed necessary by the Trustee or such Owners to evidence further the assignment and conveyance herein made with respect to the Lease Agreement.

(iv) The Corporation hereby irrevocably constitutes and appoints the Trustee or its successors or assigns, as its lawful attorney, with full power of substitution and re-substitution, to collect and to sue on behalf of the Corporation in the name of the Corporation or otherwise in any court for any Lease Payments or other amount due under the Lease Agreement, or any part thereof, to withdraw or settle any claims, suits, or proceedings pertaining to or arising out of the Lease Agreement or pertaining to the Projects upon any terms, all without the assent of the Corporation; and, further, to take possession of and to endorse in the name of the Corporation any instrument for the payment of moneys received on account of the Lease Payments or other amounts due under the Lease Agreement.

(v) The Corporation has authorized and directed the Board to pay to the Trustee, its successors and assigns, all Lease Payments and all other amounts due and payable under the Lease Agreement.

(vi) In order to provide for the payment of the Certificates, the Corporation hereby authorizes the Trustee to take possession of the Projects, and sell or re-let the leasehold interest in such Projects, or any portion thereof, in the circumstances described in the Trust Agreement.

(E) NON-RECOURSE. The parties hereto agree that the assignment contained in this Part I of this Series 2017 Supplemental Assignment Agreement shall be non-recourse with respect to the Corporation, and the Corporation shall have no liability hereunder to the Trustee or the Owners of any Certificates, with respect to the occurrence of an Event of Default or Event of Non-Appropriation by the Board under the Lease Agreement.

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PART II

CORPORATION ASSIGNMENT OF GROUND LEASE

(A) ASSIGNMENT. Know All Men By These Presents, that the Corporation, for and in consideration of Ten Dollars (\$10.00) and other good and valuable considerations to it in hand paid by Trustee, not in its individual capacity, but solely as Trustee, the receipt of which is hereby acknowledged, has sold, assigned, transferred and set over, and by these presents does sell, assign, transfer and set over unto the Trustee the following:

The instruments of ground lease and the Leasehold Estates created by said instruments of ground lease, being that certain Series 2010 Ground Lease Agreement, dated as of August 1, 2010, as amended by the First Amendment to the Ground Lease Agreement, dated as of October 1, 2017 (collectively, the "Series 2010 Ground Lease Agreement"), and that certain Series 2017 Ground Lease Agreement, dated as of October 1, 2017 (the "Series 2017 Ground Lease Agreement"), as the same may be supplemented, modified, or amended from time to time, granted by the Board, acting as the governing body of the School District of Walton County, Florida, to the Corporation in and to the Premises described therein; and

TO HAVE AND TO HOLD THE said instruments of the Series 2010 Ground Lease Agreement, the Series 2017 Ground Lease Agreement, the Leasehold Estates created thereby, and any buildings and improvements thereon, unto Trustee, its successors and assigns forever; and

The Corporation does hereby covenant with the Trustee as grantee and assignee, its successors and assigns, that the Corporation (i) is the true and lawful owner of the Leasehold Estate created thereby; (ii) has good right to bargain, sell, and transfer the same hereby; (iii) such Leasehold Estate of the Corporation is free and clear of any lien or encumbrance created by the Corporation, except for the Lease Agreement; (iv) that as of the date hereof there is no default under the terms of the Series 2010 Ground Lease Agreement or the Series 2017 Ground Lease Agreement; and (v) from and after the assignment contained in this Part II of this Series 2017 Supplemental Assignment Agreement, the Corporation will have no further interest in the Series 2010 Ground Lease Agreement or the Series 2017 Ground Lease Agreement or the Leasehold Estates thereby created.

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IN WITNESS WHEREOF, the parties have executed this Series 2017 Supplemental Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.

By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Secretary

PART III

MISCELLANEOUS

(A) NO INDIVIDUAL LIABILITY. All covenants, stipulations, promises, agreements, and obligations of the parties hereto contained in this Series 2017 Supplemental Assignment Agreement shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the parties hereto, respectively, and not of any member, officer, employee, or agent of the parties hereto in an individual capacity, and no recourse shall be had for the assignment effected hereunder or for any claim based thereon under this Series 2017 Supplemental Assignment Agreement against any member, officer, employee or agent of the parties hereto.

(B) COUNTERPARTS. This Series 2017 Supplemental Assignment Agreement may be executed in several counterparts, each of which together with a counterpart executed by each of the other parties hereto shall constitute a single original for all purposes of this Series 2017 Supplemental Assignment Agreement and shall constitute but one and the same instrument.

(C) LAW. This Series 2017 Supplemental Assignment Agreement shall be construed under the laws of the State of Florida.

(D) SEVERABILITY. If any one or more of the covenants, stipulations, promises, agreements, provisions, or obligations provided in this Series 2017 Supplemental Assignment Agreement on the part of any party hereto should be determined by a court of competent jurisdiction to be contrary to law, then such covenants, stipulation, promises, agreement, provision, or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Series 2017 Supplemental Assignment Agreement.

(E) RATIFICATION. Except as hereby supplemented, the Assignment Agreement shall remain in full force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Series 2017 Supplemental Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Title: Vice President

STATE OF FLORIDA

COUNTY OF WALTON

I, \_\_\_\_\_, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Kim Kirby and A. Russell Hughes, personally known to me as the same persons who are President and Secretary of the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a Florida not-for-profit corporation subscribed to the foregoing instrument, appeared before me this day in person and, having first been duly sworn, severally acknowledged that she, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said corporation and as her own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this \_\_\_\_ day of October, 2017.

(SEAL)

\_\_\_\_\_  
Notary Public

My commission expires:  
Name:  
Address:

Personally Known \_\_\_\_ or  
Produced Identification \_\_\_\_  
Type of Identification  
Produced \_\_\_\_\_  
\_\_\_\_\_

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ACKNOWLEDGEMENT

**THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, acting as the governing body of the School District of Walton County, Florida, hereby acknowledges that the Walton County Public Education Finance Authority, Inc., has entered into and made the foregoing assignment for the purposes set forth therein.

**THE SCHOOL BOARD OF WALTON COUNTY,  
FLORIDA**

By: \_\_\_\_\_  
Chairperson

ATTEST:

By: \_\_\_\_\_  
Superintendent

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STATE OF FLORIDA

COUNTY OF ORANGE

I, \_\_\_\_\_, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Leanne M. Duffy personally known to me as the same person who is a Vice President of U.S. Bank National Association, subscribed to the foregoing instrument, appeared before me this day in person and, having first been duly sworn, severally acknowledged that she, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said Bank and as her own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this \_\_\_\_ day of October, 2017.

(SEAL)

\_\_\_\_\_  
Notary Public

My Commission Ends: \_\_\_\_\_  
Name:  
Address:

Personally Known \_\_\_\_ or  
Produced Identification \_\_\_\_  
Type of Identification  
Produced \_\_\_\_\_

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STATE OF FLORIDA

COUNTY OF WALTON

I, \_\_\_\_\_, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Kim Kirby and A. Russell Hughes, personally known to me to be the same persons whose names are, respectively as Chairperson and Superintendent, ex-officio Secretary of **THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this \_\_\_\_ day of October, 2017.

(SEAL)

\_\_\_\_\_  
Notary Public

My Commission Ends:  
Name:  
Address:

Personally Known \_\_\_\_ or  
Produced Identification \_\_\_\_  
Type of Identification  
Produced \_\_\_\_\_

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**APPENDIX G**

**SERIES 2010 GROUND LEASE AGREEMENT AND  
FORM OF SERIES 2017 GROUND LEASE**

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This document prepared by:

Richard I. Lott  
McGuireWoods, LLP  
50 North Laura Street, Suite 3300  
Jacksonville, Florida 32202-3661

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OR BK 2848 Pages 2574 - 2597  
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MARTHA INGLE, WALTON COUNTY  
CLERK OF COURT  
DEPUTY CLERK K DOUGLASS  
#1

## **GROUND LEASE AGREEMENT**

**Dated as of August 1, 2010**

**by and between**

**SCHOOL BOARD OF WALTON COUNTY, FLORIDA**

**and**

**WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**

## GROUND LEASE AGREEMENT

**THIS GROUND LEASE AGREEMENT** (hereinafter referred to as this "Ground Lease") is made and entered into as of August 1, 2010, by and between the **SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), as lessor, acting as the governing body of the Walton County School District, and the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a not-for-profit corporation organized and existing under the laws of the State of Florida, having an office at DeFuniak Springs, Florida (the "Corporation"), as lessee.

Capitalized terms not otherwise defined herein shall have the meanings set forth in Exhibit "A" to the Trust Agreement referred to herein.

**WHEREAS**, the Corporation and the Board have heretofore established a program for the Lease-Purchase of educational facilities for the Board pursuant to a Trust Agreement (the "Trust Agreement") dated as of June 1, 1999, with U.S. Bank National Association, as successor trustee (the "Trustee"); and

**WHEREAS**, pursuant to the Lease Agreement the Board and the Corporation have agreed to the lease-purchase of certain additional educational facilities described in Lease Schedule No. 2010 (the "2010 Project") to be financed from the proceeds of an issue of a Certificate of Participation (the "Series 2010 Certificate") under the Trust Agreement; and

**WHEREAS**, the Board is the owner of certain parcels of real property located in Walton County, Florida, and described in Exhibit "A" hereto (which, together with any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land and together with all parcels of real property hereunder made subject to the Ground Lease, is hereinafter referred to as the "Premises"); and

**WHEREAS**, the Corporation desires to acquire from the Board, pursuant to this Ground Lease, and the Board is willing to grant to the Corporation, a leasehold interest in the Premises for the purpose of financing the 2010 Project and leasing the same to the Board;

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

### Section 1. Leased Premises.

Pursuant to the terms and provisions hereof, the Board hereby leases, grants, demises and transfers the Premises to the Corporation. The Board hereby agrees to make all parcels of real property on which the 2010 Project is situated, part of the Premises and subject to the Ground Lease. If it shall later appear that any parcels of property have been omitted from the description of the Premises, herein, the Board shall execute, deliver and record one or more supplements to this Ground Lease as necessary to include the description of such parcels in the Premises.

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(iii) fee simple title to the Premises shall be in the Board upon commencement of the Ground Lease Term, and severed title to all components of the 2010 Project, other than Designated Equipment and the Premises, shall be in name of the Corporation pursuant to the Lease Agreement and leasehold title to the Buildings comprising the 2010 Project constructed on the Premises shall remain in the Corporation until the earlier of (a) the date on which the Series 2010 Certificate issued under the Trust Agreement shall no longer be Outstanding, and (b) the end of the Ground Lease Term.

(b) If the Lease Agreement has been terminated other than by reason of payment in full of all of the Outstanding Series 2010 Certificate pursuant to Section 12.01 of the Trust Agreement, the Corporation and each Permitted Transferee (as defined in Section 9(b) hereof) may use the Premises for any lawful purpose, in its sole discretion, and may alter, modify, add to or delete from the portions of the 2010 Project existing from time to time on the Premises.

(c) Neither the Corporation nor any Permitted Transferee shall use or permit the Premises to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto.

(d) The Board may at any time place portable educational facilities on the Premises. Such portables shall be owned by the Board.

(e) The Board recognizes that the Corporation, as Lessor under the Lease Agreement, shall have the right to re-let the Project upon an Event of Default or Non-appropriation as provided in the Lease Agreement.

### Section 4. Rental.

(a) So long as the Lease Agreement has not been terminated, the Corporation shall pay to the Board as and for rental for the Premises the sum of ten dollars (\$10.00) per annum, which sum shall be due on the Commencement Date (pro rated) and annually thereafter on the first day of each Renewal Lease Term.

(b) From and after the date on which the Lease Agreement has been terminated prior to the Termination Date, the Corporation shall pay as and for rental for the Premises an amount determined by an M.A.I. appraisal to be fair market rental for the Premises (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Trustee (with the consent of the Holder) as assignee of the Corporation; provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

(i) if the Lease Agreement has been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be pro rated for the number of days between the date terminated and the next succeeding June 30;

(ii) for each twelve (12) month period beginning on July 1 next succeeding the date on which the Lease Agreement has been terminated and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer

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Subject to the Permitted Encumbrances, the Board hereby warrants that (i) the Board owns the Premises in fee simple title, has full and insurable title to the fee estate in the Premises and owns unencumbered all such right, title and interest; (ii) all consents to or approvals of this Ground Lease required by law or any agreements or indentures binding upon the Board have been obtained; (iii) the Board has the right to lease the Premises to the Corporation pursuant to the terms and provisions hereof; and (iv) this Ground Lease complies with all the requirements and restrictions of record applicable to the Premises. The Board represents and warrants that none of the Permitted Encumbrances has an adverse effect on the use of the Premises for their intended purpose or the enjoyment of the leasehold estate therein created under this Ground Lease. At the time of the execution and delivery of each supplement to this Ground Lease to add other properties to the Premises, such representations shall apply to such properties as of the date of the execution and delivery of such supplement.

The Board shall promptly grant such easements on the site in such form and content as are determined by the Corporation to be reasonably necessary following the approval of the final plans (1) to acquire, construct, renovate, install and maintain the construction of the 2010 Project and (2) to exercise the Corporation's rights and obligations as lessor under the Lease Agreement and as lessee under this Ground Lease including, but not limited to, its rights to exercise its remedies under the Lease Agreement and its rights in the event of termination of the Lease Agreement.

### Section 2. Term.

The initial term of this Ground Lease (the "Initial Ground Lease Term") shall be for the period commencing on the Commencement Date, and ending on the earlier of (a) the date on which the Series 2010 Certificate has been paid in full or provision for payment of the Series 2010 Certificate in full has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for, or (b) ten (10) years from the final maturity date of the Series 2010 Certificate and any Series of Certificates refunding such Certificates (both dates inclusive). As used herein, the expression "term hereof," "Ground Lease Term" or any similar expression refers collectively to the Initial Ground Lease Term and to any renewals of the Initial Ground Lease Term exercised by the Corporation or its assignee as provided in Section 21 hereof.

### Section 3. Uses of Premises.

(a) It is the express intent of the parties hereto that, for as long as no Event of Default or Event of Non-Appropriation under the Lease Agreement has occurred:

(i) the Premises shall be used by the Corporation as the site for acquisition, construction and installation of the Buildings and the Equipment comprising the 2010 Project;

(ii) the Buildings and Equipment comprising the 2010 Project, shall be acquired, constructed and installed by the Board as agent for the Corporation as provided in Section 3.08 of the Lease Agreement; and

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Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region;

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the Corporation from the exercise of the remedies permitted under the Lease Agreement and the Trust Agreement during the preceding twelve months prior to such July 1 exceeded (a) the Principal and Interest Requirements for such preceding twelve months and (b) any amounts constituting Supplemental Rent for the period prior to the termination of the Lease and all amounts due and owing to the Holder; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future years to the extent that moneys received in such year from the exercise of the remedies permitted by the Lease Agreement exceed (a) the Principal and Interest Requirements, (b) any amounts constituting Supplemental Rent for the period prior to the termination of the Lease and all amount due and owing to the Holder, and (c) the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Lease Agreement and the Trust Agreement (a) shall not give rise to any obligation to pay interest on such unpaid fair market rental, and (b) shall not constitute a default under this Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

Under no circumstances shall the Corporation be required to make any payment of rent hereunder except as provided in Section 23 hereof.

### Section 5. Ownership of Improvements and Surrender of Premises.

(a) The Corporation shall at all times during the Ground Lease Term have a Leasehold Estate in the Premises with full right to vest the use, enjoyment and possession of such Leasehold Estate therein in a Permitted Transferee.

(b) Possession and use of the Premises, together with all improvements thereon, shall, upon the last day of the Ground Lease Term or earlier termination of this Ground Lease, automatically revert to the Board or its designee free and clear of liens and encumbrances created by, through or under the Corporation other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Ground Lease, the Corporation shall peacefully and quietly surrender to the Board or its designee the Premises together with any improvements located in or upon the Premises. Upon such surrender of the Premises, the Corporation or any Permitted Transferee, at the reasonable request of the Board, shall execute an instrument in recordable form evidencing such surrender and shall deliver to the Board or its designee all books, record, construction plans, surveys, permits and other documents relating to, and necessary or convenient for, the operation of the Premises in the possession of the Corporation or any Permitted Transferee.

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(c) Any personal property of the Corporation, any Permitted Transferee or any Person which shall remain on the Premises after expiration or earlier termination of the Ground Lease Term and for ninety (90) days after request by the Board for removal, shall, at the option of the Board, be deemed to have abandoned and may be retained by the Board and the same may be disposed of, without accountability, in such manner as the Board may see fit.

(d) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Premises after expiration or earlier termination of this Ground Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay a rental rate equal to the fair market rental of the Premises determined in the manner provided in Section 4(b) hereof.

(e) The provisions of Section 5(a), 5(b) and 5(c) hereof shall not apply to vending machines or other commercial equipment or trade fixtures located in or about the Premises to the extent that such equipment is readily removable from the Premises without causing material harm or damage thereto and that such equipment is not owned by the Corporation or any Permitted Transferee.

#### Section 6. Board's Interest Not Subject to Certain Liens.

It is mutually intended, stipulated and agreed that neither the fee simple title to nor any interest of the Board in the Premises may be subject to liens of any nature arising by reason of any act or omission of the Corporation, including, but not limited to, mechanics' and materialmen's liens.

#### Section 7. Insurance.

The Corporation covenants and agrees with the Board that the Corporation will cooperate with the Board in providing any information within the Corporation's possession and control necessary for the Board to obtain and maintain in full force and effect insurance coverages desired by the Board or required by the Lease Agreement.

#### Section 8. Condition of Premise, Utilities, Concealed Conditions.

(a) Subject to the provisions of this Section 8, the Corporation agrees to accept the Premises in their presently existing condition, "as is."

(b) It is understood and agreed that the Board has determined that the Premises will safely or adequately support the 2010 Project, and hereby certifies same to the Corporation.

(c) To the extent not already completed, the Board, at its sole expense, shall bring or cause to be brought to the Premises adequate connections for water, electrical power, storm sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Premises water service and capacity sufficient for operation, heating, ventilation and air conditioning equipment, and to the extent necessary to permit the Board to use the 2010 Project for the purposes intended or to permit such 2010 Project to comply with all requirements of law, the Board as agent of the Corporation agrees to provide

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(d) If the Lease Agreement shall have been terminated other than by payment in full of the Outstanding Series 2010 Certificate, pursuant to Section 12.01 of the Trust Agreement, upon the occurrence of an Event of Default or an Event of Non-Appropriation under the Lease Agreement, nothing herein shall prevent the Corporation or its assignee from entering into a Leasehold Mortgage or a Permitted Sublease for individual parcels of land constituting the Premises. It shall not be necessary for a Leasehold Mortgage or a Permitted Sublease to cover all of the Premises.

#### Section 10. Utility Easements.

So long as no Event of Default or Event of Non-Appropriation has occurred under the Lease Agreement and is continuing, the Board reserves the right to grant nonexclusive utility easements, licenses, rights-of-way and other rights or privileges in the nature of easements to others over, under, through, across or on the Premises but only to the extent reasonably necessary to provide services to the Premises or any other real property adjacent to the Premises; provided, however, that such grant and any use permitted thereby is not detrimental to the use or operation of the Premises for their intended purpose or to any other uses permitted hereunder after the Ground Lease Term, will not impose any cost upon the Corporation, will not weaken, diminish or impair lateral or subjacent support to the improvements to the Premises, will not impair or diminish the security of the Holder of the Series 2010 Certificate, any Leasehold Mortgage or Permitted Transferee hereunder and subject to the limitations of Section 768.28, Florida Statutes, the Board agrees, to the extent, if any, permitted by law, to indemnify and save harmless, but only from Available Revenues, the Corporation and any Leasehold Mortgage and Permitted Transferee (whether the interest of such party in the Premises arises prior or subsequent to such grants) against any loss, claim, liability or damages, including legal costs and defense arising or accruing from the use or exercise of such easement.

#### Section 11. Duties Deemed Performed.

All obligations of the Corporation hereunder which are to be performed by the Initial Sublessee under the Lease Agreement shall be deemed, as between the Board and the Corporation hereunder, fully performed by the Corporation whether or not such Initial Sublessee actually performs same.

#### Section 12. Taxes and Fees.

(a) The Board represents and warrants that, so long as the Board is in possession of the Premises pursuant to the Lease Agreement, this Ground Lease is and will be exempt from ad valorem and intangible taxation. However, for as long as the Lease Agreement is in effect, should the Premises thereon or any interest therein ever become subject to any such taxes, the Board agrees to pay any and all such lawful taxes, assessments or charges which at any time may be levied by any federal, state, county, city, or any tax or assessment levying body upon the Premises, or any interest in this Ground Lease, or any possessory right which the Corporation may have in or to the Premises thereon by reason of its use or occupancy thereof or otherwise.

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and construct (but only to the extent of the proceeds of the Series 2010 Certificate available therefor, although it may use funds available therefor from other sources in its sole discretion) such roads, streets, sidewalks and other methods of ingress and egress necessary therefor. Nothing herein shall prohibit the Board from dedicating any such utilities or roads, streets and sidewalks to the appropriate governmental authority or duly constituted investor-owned utility as required or permitted by law, and the Corporation or the Trustee as assignee of the Corporation shall cooperate in such dedication by executing any deed or other instruments required to effect such dedication.

#### Section 9. Limitation on Leasehold Mortgages, Assignment and Subletting

(a) If the Lease Agreement has been terminated and subject to the terms and conditions herein provided, the Corporation may assign or enter into a mortgage or mortgages of, its leasehold interest created hereby in the Premises as security for the performance of its obligations under any financing obtained by the Corporation; provided, however, the fee title to the Premises shall not be subject to, or otherwise encumbered by, any such mortgage; provided, however, that each such leasehold mortgage shall be subject to the provisions of Section 9(d) hereof. Any such mortgage executed by the Corporation pursuant to the provisions of the preceding sentence shall be hereinafter called a "Leasehold Mortgage" and the holder of any such mortgage shall be hereinafter called the "Leasehold Mortgagee."

(b) Except as expressly provided in this Section 9(b), the Corporation shall not assign this Ground Lease, or any portion hereof, or sublease all or any portion of the Premises at any time. Except as expressly permitted in this Section 9(b), any purported assignment, partial assignment or sublease without the Board's prior written consent in violation of this Section 9(b) shall be null and void. So long as the Lease Agreement has not been terminated, (i) the Corporation shall assign this Ground Lease to the Trustee for the benefit of the Owner of the Series 2010 Certificate, and (ii) the Corporation shall sublet all of the Premises to the Board (the "Initial Sublessee") under the Lease Agreement. If the Lease Agreement shall have been terminated other than by payment in full of all of the Outstanding Series 2010 Certificate, pursuant to Section 12.01 of the Trust Agreement, or upon the occurrence of an Event of Non-Appropriation, the Corporation or its assignee may sublet the Premises, in whole or in part, or assign its interest in this Ground Lease, in whole or in part (a "Permitted Sublease") to any Person for any lawful purpose without the prior consent of the Board; provided, however, that no Permitted Sublease shall relieve the Corporation of any of its duties or obligations hereunder without the prior written consent of the Board; provided, further, that each Permitted Sublease shall be subject to the provisions of Section 9(d) hereof. "Permitted Transferee" shall mean a sublessee or assignee permitted by this Section 9(b).

(c) If the Lease Agreement shall have been terminated other than by payment in full of all of the Outstanding Series 2010 Certificate, pursuant to Section 12.01 of the Trust Agreement, or upon the occurrence of an Event of Non-Appropriation, and the Corporation or its assignee proposes to create a Permitted Sublease of any portion of its interest in this Ground Lease, the Corporation shall provide written notice thereof to the Board containing the names and addresses of the proposed assignee(s), sublessee(s) or transferee(s); provided, however, that failure to provide such notice shall not affect the validity or effectiveness of any Permitted Sublease to a Permitted Transferee.

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(b) Notwithstanding the foregoing provision, either the Board or the Corporation shall, after notifying the other party hereto of its intention to do so, have the right in its own name or behalf, or in the name and behalf of the other party hereto, to contest in good faith by all appropriate proceedings the amount, applicability or validity of any such tax or assessment if the interest of the Corporation and the Trustee therein shall not be in jeopardy, and if the Board shall set aside, or cause to be set aside, reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board, upon the commencement of any proceedings to foreclose the lien of any such tax, assessment, or charge, will forthwith pay, or cause to be paid, any such tax, assessment or charge, unless contested in good faith as aforesaid and execution upon the Project is stayed. The Board will not suffer the 2010 Project or any part thereof, to be sold for any Real Estate Taxes, taxes, assessments or other charges whatsoever, or to be forfeited therefor. The Board will also pay or cause to be paid all taxes, assessments and other governmental charges which may be imposed on the Corporation or its operations as a result of the transactions contemplated by this Ground Lease, and in connection with such contest, the Board may refrain from paying such tax assessment. Each party shall, upon request by the other party hereto, assist and cooperate with the other party hereto in any such proceedings.

(c) In the event that the Board shall fail to pay any of the items required under this Section 12, the Corporation may, at its sole option, pay the same and any amounts so advanced thereby by it shall become an additional obligation of the Board and Supplemental Rent under the Lease Agreement.

#### Section 13. Default by the Corporation.

(a) Each of the following events shall be deemed a default by the Corporation hereunder and a breach of this Ground Lease:

(i) If the Corporation shall fail to pay, when due, any rent or portion thereof, or any other sum, if any, which the Corporation is obligated to pay under the terms and provisions of this Ground Lease, and such rent or other sums, if any, remain unpaid for a period of one hundred and eighty (180) days after receipt of written notice to the Corporation, the Trustee and the Holder from the Board;

(ii) If the Corporation shall attempt to mortgage the Leasehold Estate hereby created in violation of Section 9(a) hereof or to assign this Ground Lease, or any portion thereof, or to sublease any portion of the Premises in violation of Section 9(b) hereof; or

(iii) If the Corporation shall use the Premises for any purposes not permitted by this Ground Lease, and such use shall continue for a period of one hundred eighty (180) days after the Board shall have given written notice to the Corporation and the Holder to desist from such use.

(b) In the event that the item of default set forth in Section 13(a)(iii) above is of such a nature that it cannot be remedied within the time limits therein set forth, then the Corporation shall have such additional time as is reasonably necessary to cure such default, provided the Corporation diligently commences the curing of such default within said time limits and proceeds to completely cure the same in a timely and diligent manner.

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(c) In the event that any Permitted Transferee or Leasehold Mortgagee exists of record at the time that a default occurs hereunder, the Board shall give notice thereof to each such Permitted Transferee and Leasehold Mortgagee and each such party shall have thirty (30) additional days from receipt of such notice to cure such default; provided, however, that if the default is of such a nature that the same cannot be cured in such time, then such party shall have such additional time as is reasonably necessary to cure such default provided that such party diligently commences the curing of such default within such time and proceeds completely to cure same within a timely and diligent manner.

#### Section 14. Remedies of the Board.

Upon the occurrence of any event of default as set forth in Section 13 hereof which has not been cured (and is not in the process of being cured) under Section 13(b) or 13(c) hereof, but not otherwise, the Board may take whatever action at law or in equity may appear necessary or desirable to enforce its rights hereunder; provided, however, the Board shall not have the right to terminate this Ground Lease until such time as the Series 2010 Certificate has been paid in full and all other amounts due and owing under the Lease Agreement have been paid in full or provision for payment has been made pursuant to the terms and provisions of the Trust Agreement. The Board shall have recourse solely against the Leasehold Estate of the Corporation in the Premises and severed title to the Buildings in the 2010 Project, and any proceeds thereof, for the payment of any liabilities of the Corporation hereunder.

#### Section 15. No Waivers.

No waiver by either party hereto at any time of any of the terms, conditions, covenants or agreements of this Ground Lease, or noncompliance therewith, shall be deemed or taken as a waiver at any time thereafter of the same, nor of any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the other party hereto. No delay, failure or omission of the Board to re-enter the Premises, nor delay, failure or omission by either party hereto to exercise any right, power, privilege or option, or be construed to be a waiver of any such default, relinquishment thereof or acquiescence therein, and no notice by either party hereto shall be required to restore or revive time as being of the essence hereof after waiver by the Board of default in one or more instances. No option, right, power, remedy or privilege of the Board shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to each party by this Ground Lease are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law.

#### Section 16. Quiet Enjoyment.

The Board agrees that the Corporation and any Permitted Transferee, upon the payment of the rent and all other payments and charges, if any, to be paid by the Corporation under the terms of this Ground Lease, and observing and keeping the agreements and covenants of this Ground Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Ground Lease, without hindrance or molestation from the Board or anyone claiming by, through or under the Board.

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#### Section 20. Memorandum of Lease

Unless mutually agreed to the contrary, simultaneously with the execution of this Ground Lease, the Board and the Corporation shall execute, acknowledge and deliver a Memorandum of Lease with respect to this Ground Lease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise effect any of the obligations or provisions of this Ground Lease.

#### Section 21. Estoppel Certificates.

The Board, at any time and from time to time, upon not fewer than thirty (30) days prior written notice from the Corporation or the Trustee as assignee of the Corporation, will execute, acknowledge and deliver to the Corporation, the Trustee as assignee of the Corporation or any Permitted Transferee, a certificate of the Board certifying that this Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Ground Lease is in full force and effect, if it is, and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by the Corporation or the Trustee as assignee of the Corporation or any Permitted Transferee.

#### Section 22. Non-Recourse Obligation of the Corporation.

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Ground Lease or any of the transactions contemplated hereby, the parties hereto hereby acknowledge and agree that upon the assignment by the Corporation of its right hereunder to the Trustee pursuant to the Assignment Agreement, the Corporation shall have no further obligation, liability or responsibility hereunder and no party hereto nor their successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

#### Section 23. No Recourse under Agreement.

All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Ground Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of rent pursuant to Section 4 hereof or for any claim based thereon under this Ground Lease Agreement against any member, officer, employee or agent of the parties hereto.

#### Section 24. Environmental Covenants, Representations And Warranties.

To the best knowledge of the Board, after due inquiry, (i) no dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating thereto (collectively, "Environmental Regulations"), and also including urea-formaldehyde, polychlorinated biphenyls, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or

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#### Section 17. Terms Binding upon Successors.

All the terms, conditions and covenants of this Ground Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

#### Section 18. Condemnation.

In the event that any Person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the term of this Ground Lease acquire title to the Premises:

(a) For as long as the Lease Agreement has not been terminated, the net Proceeds resulting therefrom shall be applied pursuant to the Lease Agreement.

(b) If the Lease Agreement shall have been terminated, (i) if such Person acquires title to such substantial portion thereof that the Corporation determines that it cannot economically make use of the residue for the lawful purposes intended by this Ground Lease, such acquisition of title shall terminate this Ground Lease, effective as of the date earlier of the date on which the condemning party takes possession thereof or the date on which the Corporation or its assignee receives the net condemnation proceeds, and the Net Proceeds resulting therefrom shall be applied first to the payment of any portion of the Outstanding Series 2010 Certificate and all other amounts due and owing to the Holder, second, to the payment of the amount secured by any Leasehold Mortgage then outstanding hereunder, and third, to the payment of the balance, if any, shall be paid to the Board and the Corporation, as their respective interests may appear; and (ii) if such Person acquires title to a portion of the Premises only, and the Corporation determines that it can economically make beneficial use of the residue thereof for lawful purposes intended by this Ground Lease, then this Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the Board and the Corporation, as their respective interests appear.

(c) It is understood that the foregoing provisions of this Section 18 shall not in any way restrict the right of the Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

#### Section 19. Non-Merger of Leasehold.

There shall be no merger of this Ground Lease or of the Leasehold Estate hereby created with the fee estate in the Premises or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Ground Lease or Leasehold Estate hereby created or any interest in this Ground Lease or in such Leasehold Estate and the fee estate in the Premises or any interest in such fee estate. There shall be no merger of this Ground Lease with the Lease Agreement by reason of the fact that the Board is the owner of the fee title to the Premises and the Leasehold Estate in all or a portion of the 2010 Project created under the Lease Agreement or by reason of the fact that the Corporation is the owner of the Leasehold Estate in the Premises created hereby and is the owner of the severed title in the Buildings comprising the Project as provided in the Lease Agreement.

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any other waste, material, substance, pollutant or contaminant which would subject the owner of the Premises to any damages, penalties or liabilities under any applicable Environmental Regulation (collectively, "Hazardous Substances") are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the Premises in violation of any Environmental Regulation: (ii) no threat exists of a discharge, release or emission of a Hazardous Substance upon or from the Premises into the environment; (iii) the Premises has not been used as or for a mine, landfill, a dump or other disposal facility, industrial or manufacturing facility, or a gasoline service station; (iv) no underground storage tank is now located at the Premises or has previously been located therein but has been removed therefrom; (v) no violation of any Environmental Regulation now exists relating to the Premises, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Premises by any governmental entity or agency, which in any way relates to Hazardous Substances; (vi) no person, party or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (i) above; (vii) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances, in, upon, under, over or from the Premises; (viii) the Premises is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of Hazardous Substances sites maintained by any federal, state or local government agency; and (ix) the Premises is not subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

The Board shall not store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit, or dispose of any Hazardous Substance in, upon, under, over or from the Premises in violation of any Environmental Regulation, shall not permit any Hazardous Substance to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of or to escape therein, thereupon, thereunder, thereover or therefrom in violation of any Environmental Regulation, shall cause all Hazardous Substances to be properly removed therefrom and properly disposed of in accordance with all applicable Environmental Regulations, shall not install or permit to be installed any underground storage tank therein or thereunder in violation of any Environmental Regulation, and shall comply with all other Environmental Regulations which are applicable to the Premises.

In the event any Hazardous Substance is found upon, under over or from the Premises in violation of any Environmental Regulation or if any lien or claim for lien in favor of any governmental entity or agency as a result of any release of any Hazardous Substance is threatened, the Board, at its sole cost and expense, shall, within ten days of such finding, deliver written notice thereof to the Corporation, the Trustee and the Holder and shall promptly remove such Hazardous Substance upon, under, over or from the Premises and prevent the imposition of any liens against the Premises for the cleanup of any Hazardous Substance. Such removal shall be conducted and completed in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies, in accordance with the orders and directives of all

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federal, state and local governmental authorities. In the event the Board has not removed such Hazardous Substances within a reasonable time period, the Board shall, at the written direction of the Holder, immediately commence such remedial action which is prescribed by applicable federal, state and local laws, regulations, rules, ordinances and policies, and in accordance with the orders and directives of any and all federal, state and local governmental authorities and as the Holder shall direct. In the event the Board shall not comply with the written directions of the Holder, the Board hereby grants to the Holder an irrevocable license to remove Hazardous Substances from, repair, cleanup, and detoxify the Premises and the Board agrees to reimburse the Holder for all of its costs therefor. This covenant does not prohibit the Board from seeking contribution therefor from any Person (other than the Corporation and its successors and assigns, the Trustee or the Holder).

The Board further agrees to the extent, if any, permitted by law, and subject to the monetary limitations prescribed by Section 768.28, Florida Statutes, to reimburse the Corporation, the Holder and the Trustee for, any and all claims, demands, judgments, penalties, liabilities, costs, damages and expenses, including court costs and Attorneys' fees directly or indirectly incurred by the Corporation, the Holder and the Trustee (prior to trial, at trial and on appeal) in any action against or involving the Corporation, the Holder and the Trustee, resulting from any breach of the foregoing covenants, or from the discovery of any Hazardous Substance, in, upon, under or over, or emanating from, the Premises, whether or not the Board is responsible therefor, it being the intent of the Board, the Corporation, the Holder and the Trustee that the Corporation, the Holder and the Trustee shall have no liability or responsibility for damage or injury to human health, the environment or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to, Hazardous Substances by virtue of the interests of the Corporation, the Holder and the Trustee in the Land or the Premises pursuant to the Lease Agreement or this Ground Lease, or as the result of the Corporation or the Trustee exercising any of its or their rights or remedies with respect thereto hereunder or under any other instrument. The foregoing representations, warranties and covenants of this Section 24 shall be deemed continuing covenants, representations and warranties for the benefit of the Corporation, the Holder and the Trustee and any successors and assigns of the Corporation, the Holder and the Trustee, and shall survive the satisfaction or release of this Ground Lease, the Lease Agreement or any other instrument. The foregoing representations, warranties and covenants of this Section 24 shall be extinguished at the later of: (i) the termination date of the Ground Lease or (ii) that point in time in which the Corporation, the Holder and the Trustee and any successors and assigns of the Corporation, the Holder and the Trustee are, in the opinion of counsel acceptable to the Holder, no longer liable or potentially liable for their own or the Board's compliance with Environmental Regulations as they may apply to the Premises or the Land. Any amounts covered by the foregoing shall bear interest from the date incurred at the maximum rate permitted by law and shall be payable on demand. This covenant shall not be deemed to create any liability on the part of the Board to any Person other than the Corporation, its successors and assigns, the Trustee or the Holder.

For purposes of this Section 24, "Premises" includes any portion of the 2010 Project situate thereon.

#### Section 25. Miscellaneous.

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(g) Any provision of this instrument in violation of the laws of the State of Florida shall be ineffective to the extent of such violation, without invalidating the remaining provisions of this instrument. In no event shall the Corporation or its assigns have any cause of action against the officers or employees of the Board, or against any elected official of the Board based upon or materially related to any finding by any court that any or all provisions of this instrument violate Florida law.

(h) Reserved.

(i) The Holder is expressly made a third party beneficiary of this Agreement with the right to receive the benefits hereunder and to enforce the provisions hereof against the parties hereto.

(j) The Corporation and Board acknowledge assignment of this Ground Lease to the Trustee.

(k) The Corporation and Board shall not encumber, dispose of or release any portion of the 2010 Project except upon the prior written consent of the Holder; provided that so long as there has been no Event of Default or Event of Non-Appropriation under the Lease, the Corporation may, without such consent of the Holder, release any portion of the Premises provided that in respect of such portion to be released, (i) no portion of the Series 2010 Project has been constructed or installed thereon, and (ii) no proceeds of the portion of the Initial Lease Payment under the Lease Schedule No. 2010 and no proceeds of the Series 2010 Certificate have been expended thereon; and (iii) the Corporation shall retain, and Board shall grant to the Corporation, such easements, rights of way, agreements of lateral support and other property interests as the Holder or the Trustee shall require for pedestrian and vehicular ingress, egress and access to and from and between the Premises and the public roads adjoining the Servient Property and as may be necessary for utility and other enjoyment of the Premises which such services include, but are not necessarily limited to, drainage, sewer and water service, electric and telephone service, gas service and parking of vehicles.

(l) Except as permitted in subsection (k) above, the prior written consent of the Holder shall be a condition precedent to any amendment or modification of this Ground Lease Agreement. The Holder shall be provided with a fully executed transcript of all proceedings relating to such modification.

#### Section 26. Representations and Warranties.

The Association and the Board hereby represent and warrant as provided in Exhibit "B" attached hereto.

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(a) This Ground Lease shall be governed by, and be construed in accordance with the laws of the State of Florida.

(b) Any notice required or desired to be given hereunder, or any items required or desired to be delivered hereunder, may be served or delivered personally or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Board: School Board of Walton County, Florida  
145 Park Street, Suite 3  
DeFuniak Springs, Florida 32433  
Attention: Superintendent

If to the Corporation: Walton County Public Education Finance Authority, Inc.  
145 Park Street, Suite 35086 Canal Street  
DeFuniak Springs, Florida 32433  
Attention: President

If to the Trustee: U.S. Bank National Association  
Corporate Trust Services, EX-FL-UORT  
225 E. Robinson Street, Suite 250  
Orlando, Florida 32801

If to the Holder: SunTrust Bank  
220 West Garden Street  
Pensacola, Florida 32502  
Attention: Institutional and Government Banking

or such other address or party as the party to be served may direct by written notice to the other party. If such notice is sent or delivery is made by registered or certified mail, such notice or delivery shall be deemed served, made and effective seventy-two (72) hours after posting.

(c) It is mutually acknowledged and agreed by the parties hereto that this Ground Lease contains the entire agreement between the Board and the Corporation with respect to the subject matter of this Ground Lease; that there are no verbal agreements, representations, warranties or other understandings affecting the same.

(d) Nothing herein contained shall be deemed to create a partnership or joint venture, nor shall the relationship between the parties be construed as principal and agent, or other than as landlord and tenant.

(e) The table of contents, headings and captions of this Ground Lease are inserted solely for convenience of reference, and under no circumstances shall they be treated or construed as part of, or as affecting, this Ground Lease.

(f) For purposes of computing any period of a number of days hereunder for notices or performance (but not for actual days of interest) of ten (10) days or fewer, Saturdays, Sundays and holidays shall be excluded.

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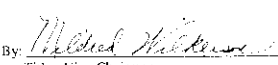
IN WITNESS WHEREOF, the Board and the Corporation have caused this Ground Lease to be executed in duplicate, either of which may be considered an original, as of the day and year first above written.

SCHOOL BOARD OF WALTON  
COUNTY, FLORIDA  
as Lessor

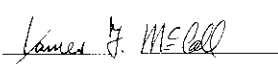
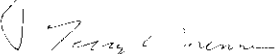
(SEAL)

By:   
Title: Chairman

ATTEST:

By:   
Title: Vice-Chairman

WITNESSES:

RIL 07/20/03 GroundLease

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WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.  
as Lessee

(SEAL)

By: [Signature]  
Title: President

ATTEST:

By: [Signature]  
Title: Vice-President

WITNESSES:

[Signature]  
[Signature]

RL 8180 Ground Lease

17

STATE OF FLORIDA

COUNTY OF WALTON

I, Jeffrey A. Brenner, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Mark D. Davis and Mildred Wilkerson whose names are, respectively as Chairman and Vice-Chairman of the **SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, which is the governing body of the Walton County School District, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said School Board, and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 31<sup>st</sup> day of August 2010.



[Signature]  
Notary Public

My commission expires: June 11, 2014  
Name: Jeffrey A. Brenner  
Address: 25 West Cedar St., #500  
Pensacola, FL 32502

Personally Known X or  
Produced Identification \_\_\_\_\_  
Type of Identification \_\_\_\_\_  
Produced \_\_\_\_\_

RL 8180 Ground Lease

18

STATE OF FLORIDA

COUNTY OF WALTON

I, Jeffrey A. Brenner, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Mark D. Davis and Mildred Wilkerson whose names are, respectively as President and Vice-President of the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Corporation, and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 31<sup>st</sup> day of August 2010.



[Signature]  
Notary Public

My commission expires: June 11, 2014  
Name: Jeffrey A. Brenner  
Address: 25 West Cedar St., #500  
Pensacola, FL 32502

Personally Known X or  
Produced Identification \_\_\_\_\_  
Type of Identification \_\_\_\_\_  
Produced \_\_\_\_\_

RL 8180 Ground Lease

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EXHIBIT "A"

LEGAL DESCRIPTION

**The Southwest Quarter of the Southeast Quarter of Section 35,  
Township 2 South, Range 19 West, all lying and being in  
Walton County, Florida.**

RL 8180 Ground Lease  
Rev. 07/26/10  
Rev. 08/02/10 8180 Ground Lease

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**EXHIBIT "B"**  
**REPRESENTATIONS AND WARRANTIES**

**LESSEE'S CERTIFICATE**

August 5, 2010

The School Board of Walton County (the "Board") covenants and warrants to Walton County Public Education Finance Authority, Inc. and SunTrust Bank with respect to the property upon which the 2010 Project, as defined in the Master Lease-Purchase Agreement, dated as of June 1, 1999 (the "Master Lease-Purchase Agreement"), as amended and supplemented by Lease Schedule No. 2010 dated as of August 5, 2010 (the "Lease Schedule No. 2010") (collectively with the Master Lease-Purchase Agreement, the "Lease Agreement"), is located (the "Site"):

The capitalized terms used herein shall have the meanings ascribed to them in the Lease Agreement.

(1) That the Board has good and marketable title to the Site, has the authority to enter into, to execute and deliver the Lease Schedule No. 2010 dated as of August 5, 2010, and the Series 2010 Supplemental Trust Agreement and the Ground Lease Agreement, each dated as of August 1, 2010 (collectively, the "2010 Certificate Documents"), and has duly authorized the execution and delivery of the 2010 Certificate Documents;

(2) That except for Permitted Encumbrances, and except as described in the opinion of counsel for the Board dated as of the date hereof, the Site is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the 2010 Project or the use of the Site as security for the financing as contemplated by the Lease Agreement;

(3) That all taxes, assessments, or impositions of any kind with respect to the Site, except current taxes, have been paid in full;

(4) That the 2010 Project is necessary to the Board in order for the Board to perform its governmental function relating to public education;

(5) That the Site is properly zoned for school purposes, including, without limitation, the 2010 Project;

(6) That the Board's past and current uses of its existing facilities, and to the best of the Board's knowledge, information and belief, all past and current uses of the Site, complied and comply with all federal, state and local environmental laws, rules, regulations and ordinances. Neither the Board nor anyone on behalf of the Board has received notice of any violations of any environmental law, rule, regulation or ordinance. No actions or lawsuits have been commenced or threatened by a government agency or any other person or entity claiming non-compliance with any environmental law, rule, regulation or ordinance. The Board has never applied for environmental liability insurance or, if it has so applied, it has never been denied such coverage. The Board has no knowledge or notice of any asbestos, or any emission, discharge, seepage, release, or any hazardous pollutant in or upon the Site;

(7) That if a problem with the title to the Site or the 2010 Project or use thereof should develop, the Board shall exercise its condemnation powers to the extent permitted by law to obtain the necessary rights in the Site and the 2010 Project that will enable the parties hereto to perform the transactions contemplated by the Lease Agreement and the Ground Lease Agreement;

(8) The Board may acquire properties with asbestos or hazardous pollutant; however, the Board agrees to remove the asbestos or hazardous pollutant upon acquisition in accordance with applicable environmental guidelines; and

(9) The representations and warranties contained in the Lease Agreement are true and correct as of the date hereof as if fully set forth herein except as modified by the Lease Schedule No. 2010, and no default or Event of Non-Appropriation has occurred and is continuing under the Lease Agreement or the Lease Schedule No. 2010.

SB, 060219 01 00 Covenants Lessee 01

-1-

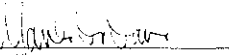
SB, 060219 01 00 Covenants Lessee 01

-2-

IN WITNESS WHEREOF, the Board has caused this instrument to be executed by the undersigned officer and its official seal to be impressed hereon, the day and year first written above.

**SCHOOL BOARD OF WALTON  
COUNTY, FLORIDA**

(SEAL)

By:   
Chairman

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SB, 060219 01 00 Covenants Lessee 01

-3-

This document prepared by and return to:  
George Smith, Esq.  
Bryant Miller Olive P.A.  
101 North Monroe Street, Suite 900  
Tallahassee, Florida 32301

---

**FIRST AMENDMENT TO GROUND LEASE AGREEMENT**

**Dated as of October 1, 2017**

**BETWEEN**

**THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**

**AND**

**WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**

---

**FIRST AMENDMENT TO  
GROUND LEASE AGREEMENT**

**THIS FIRST AMENDMENT TO GROUND LEASE AGREEMENT** dated as of October 1, 2017, is between THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA (the "School Board"), acting as the governing body of the School District of Walton County, Florida (the "District"), as Lessor and the WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC. (the "Corporation"), a Florida not-for-profit corporation organized and existing under and pursuant to Chapter 617, Florida Statutes, as Lessee.

**WITNESSETH:**

**WHEREAS**, the School Board and the Corporation entered into a certain Ground Lease Agreement, dated as of August 1, 2010 (the "Ground Lease") which was recorded in Official Records Book 2848 at Page 2574 of the Public Records of Walton County, Florida; and

**WHEREAS**, pursuant to the Ground Lease, the Corporation acquired a leasehold interest in certain sites where the 2010 Project is situated, a legal description of which site is attached hereto as Exhibit A (the "Premises") and has constructed thereon certain educational facilities (the "2010 Project") and leased the 2010 Project, including a sublease of the Series 2010 Facility sites, to the School Board, all in accordance with the terms and provisions of the Schedule No. 2010 (which Schedule 2010 is being amended and restated in connection herewith) to the Master Lease Purchase Agreement between the School Board and the Corporation and the Ground Lease; and

**WHEREAS**, the lease of the 2010 Project was financed through the issuance of the Certificate of Participation, Series 2010 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor (the "Series 2010 Certificate"); and

**WHEREAS**, the School Board has decided to refinance all or a portion of the 2010 Project through the refunding of its Series 2010 Certificate by issuing the Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor (the "Series 2017 Certificates"); and

**WHEREAS**, the School Board and the Corporation desire to amend the Ground Lease in order to accurately reflect the transactions associated with the refunding of the Series 2010 Certificate and the delivery of the Series 2017 Certificates.

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

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**IN WITNESS WHEREOF**, the Corporation has caused this First Amendment to Series 2010 Ground Lease to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers and the School Board has caused this First Amendment to Series 2010 Ground Lease to be executed in its name and its seal to be hereunto affixed by its duly authorized officials, all as of the date first above written.

[SEAL]

THE SCHOOL BOARD OF WALTON  
COUNTY, FLORIDA

By: \_\_\_\_\_  
Chairman, The School Board  
of Walton County, Florida

Attest:

By: \_\_\_\_\_  
Superintendent of Schools,  
ex officio Secretary to  
The School Board of Walton  
County, Florida

WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.

Attest:

By: \_\_\_\_\_  
President

\_\_\_\_\_  
Secretary/Treasurer

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**SECTION 1. RECITALS.** The foregoing recitations are true and correct and are incorporated herein by reference.

**SECTION 2. AMENDMENT.** Section 2 of the Ground Lease is hereby amended to read as follows:

The term of this Ground Lease shall be for the period commencing on the Commencement Date, and ending on the earlier of (a) the date on which the Series 2017 Certificates and any Refunding Certificates refinancing the Premises have been paid in full or provision for payment of the Series 2017 Certificates in full has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for; or (b) ten (10) years from the final maturity date of the Series 2017 Certificates and any Refunding Certificates refinancing the Premises (both dates inclusive).

**SECTION 3. GROUND LEASE TO CONTINUE IN FORCE.** Except as expressly provided herein, the Ground Lease and all terms and provisions thereof are and shall remain in full force and effect.

**SECTION 4. EFFECTIVE DATE.** This First Amendment to Ground Lease shall become effective immediately upon its execution.

[Remainder of page intentionally left blank]

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STATE OF FLORIDA

COUNTY OF WALTON

I, a Notary Public in and for the County in the State above, do hereby certify that Kim Kirby and A. Russell Hughes, as Chairman and Superintendent of Schools, ex officio Secretary, respectively, of The School Board of Walton County, Florida, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of the School Board, and delivered this instrument as the free and voluntary act of the School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

Such persons are personally known to me or provided identification in the form of \_\_\_\_\_ and did not take an oath in connection with the foregoing acknowledgment.

GIVEN under my hand and notarial seal this \_\_\_\_ day of October, 2017.

\_\_\_\_\_  
Notary Public  
Name:

[NOTARIAL SEAL]

My commission expires

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STATE OF FLORIDA

COUNTY OF WALTON

I, a Notary Public in and for the County in the State above, do hereby certify that Kim Kirby and A. Russell Hughes, as President and Secretary/Treasurer, respectively, of Walton County Public Education Finance Authority, Inc., appeared before me this day in person and severally acknowledged that they, being thereunder duly authorized, signed and delivered this instrument as the free and voluntary act of the Corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

Such persons are personally known to me or provided identification in the form of \_\_\_\_\_ and did not take an oath in connection with the foregoing acknowledgment.

GIVEN under my hand and notarial seal this \_\_\_\_ day of October, 2017.

\_\_\_\_\_  
Name:  
Notary Public

[NOTARIAL SEAL]

My commission expires:

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**EXHIBIT A**

**LEGAL DESCRIPTION**

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 35,  
TOWNSHIP 2 SOUTH, RANGE 19 WEST, ALL LYING AND BEING IN WALTON  
COUNTY, FLORIDA.

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This document prepared by:

George A. Smith, Jr.  
Bryant Miller Olive P.A.  
101 North Monroe Street, Suite 900  
Tallahassee, Florida 32301

**SERIES 2017 GROUND LEASE AGREEMENT**

**Dated as of October 1, 2017**

**by and between**

**THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**

**and**

**WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**

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## SERIES 2017 GROUND LEASE AGREEMENT

**THIS SERIES 2017 GROUND LEASE AGREEMENT** (hereinafter referred to as this "Ground Lease") is made and entered into as of October 1, 2017, by and between **THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), as lessor, acting as the governing body of the Walton County School District, and the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, a not-for-profit corporation organized and existing under the laws of the State of Florida, having an office at DeFuniak Springs, Florida (the "Corporation"), as lessee.

Capitalized terms not otherwise defined herein shall have the meanings set forth in Exhibit "A" to the Master Trust Agreement referred to herein.

**WHEREAS**, the Corporation and the Board have heretofore established a program for the lease-purchase of educational facilities for the Board pursuant to a Trust Agreement, dated as of June 1, 1999, as amended and supplemented (the "Master Trust Agreement"), particularly as supplemented by a Series 2017 Supplemental Trust Agreement, dated as of October 1, 2017 (collectively, the "Trust Agreement"), each with U.S. Bank National Association, as successor trustee (the "Trustee"); and

**WHEREAS**, pursuant to the Lease Agreement, the Board and the Corporation have agreed to the lease-purchase of certain educational facilities described in Lease Schedule No. 2017, dated as of October 1, 2017 (the "Series 2017 Project"), to be financed from the proceeds of an issue of Certificates of Participation (the "Series 2017 Certificates") under the Trust Agreement; and

**WHEREAS**, the Board is the owner of certain parcels of real property located in Walton County, Florida, and described in Exhibit "A" hereto (which, together with any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land and together with all parcels of real property hereunder made subject to the Ground Lease, is hereinafter referred to as the "Premises"); and

**WHEREAS**, the Corporation desires to acquire from the Board, pursuant to this Ground Lease, and the Board is willing to grant to the Corporation, a leasehold interest in the Premises for the purpose of financing the Series 2017 Project and leasing the same to the Board;

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

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### SECTION 1. LEASED PREMISES.

Pursuant to the terms and provisions hereof, the Board hereby leases, grants, demises, and transfers the Premises to the Corporation. The Board hereby agrees to make all parcels of real property on which the Series 2017 Project is situated, part of the Premises and subject to the Ground Lease. If it shall later appear that any parcels of property have been omitted from the description of the Premises, herein, the Board shall execute, deliver, and record one or more supplements to this Ground Lease as necessary to include the description of such parcels in the Premises.

Subject to the Permitted Encumbrances, the Board hereby warrants that (i) the Board owns the Premises in fee simple title, has full and insurable title to the fee estate in the Premises, and owns unencumbered all such right, title and interest; (ii) all consents to or approvals of this Ground Lease required by law or any agreements or indentures binding upon the Board have been obtained; (iii) the Board has the right to lease the Premises to the Corporation pursuant to the terms and provisions hereof; and (iv) this Ground Lease complies with all the requirements and restrictions of record applicable to the Premises. The Board represents and warrants that none of the Permitted Encumbrances has an adverse effect on the use of the Premises for their intended purpose or the enjoyment of the leasehold estate therein created under this Ground Lease.

The Board shall promptly grant such easements on the site in such form and content as are determined by the Corporation to be reasonably necessary following the approval of the final plans (1) to acquire, construct, renovate, install, and maintain the construction of the Series 2017 Project; and (2) to exercise the Corporation's rights and obligations as lessor under the Lease Agreement and as lessee under this Ground Lease including, but not limited to, its rights to exercise its remedies under the Lease Agreement and its rights in the event of termination of the Lease Agreement.

### SECTION 2. TERM.

The term of this Ground Lease shall be for the period commencing on the Commencement Date, and ending on the earlier of (a) the date on which the Series 2017 Certificates and any Refunding Certificates refinancing the Premises have been paid in full or provision for payment of the Series 2017 Certificates in full has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for; or (b) ten (10) years from the final maturity date of the Series 2017 Certificates and any Refunding Certificates refinancing the Premises (both dates inclusive).

### SECTION 3. USES OF PREMISES.

(a) It is the express intent of the parties hereto that, for as long as no Event of Default or Event of Non-Appropriation under the Lease Agreement has occurred:

(i) the Premises shall be used by the Corporation as the site for acquisition, construction, and installation of the Buildings and the Equipment comprising the Series 2017 Project;

(ii) the Buildings and Equipment comprising the Series 2017 Project, shall be acquired, constructed, and installed by the Board as agent for the Corporation as provided in Section 3.08 of the Lease Agreement; and

(iii) fee simple title to the Premises shall be in the name of the Board upon commencement of the Ground Lease Term, and severed title to all components of the Series 2017 Project, other than Designated Equipment and the Premises, shall be in name of the Corporation pursuant to the Lease Agreement and leasehold title to the Buildings comprising the Series 2017 Project constructed on the Premises shall remain in the Corporation until the earlier of (1) the date on which the Series 2017 Certificates issued under the Trust Agreement shall no longer be Outstanding, and (2) the end of the Ground Lease Term.

(b) If the Lease Agreement has been terminated other than by reason of payment in full of all of the Outstanding Series 2017 Certificates pursuant to Section 12.01 of the Trust Agreement, the Corporation and each Permitted Transferee (as defined in Section 9(b) hereof) may use the Premises for any lawful purpose, in its sole discretion, and may alter, modify, add to or delete from the portions of the Series 2017 Project existing from time to time on the Premises.

(c) Neither the Corporation nor any Permitted Transferee shall use or permit the Premises to be used in violation of any valid present or future laws, ordinances, rules, or regulations of any public or governmental authority at any time applicable thereto.

(d) The Board may at any time place portable educational facilities on the Premises. Such portables shall be owned by the Board.

(e) The Board recognizes that the Corporation, as Lessor under the Lease Agreement, shall have the right to re-let the Series 2017 Project upon an Event of Default or Non-appropriation as provided in the Lease Agreement.

#### SECTION 4. RENTAL.

(a) So long as the Lease Agreement has not been terminated, the Corporation shall pay to the Board as and for rental for the Premises the sum of ten dollars (\$10.00) per annum, which sum shall be due on the Commencement Date (pro-rated) and annually thereafter on the anniversary date of the Commencement Date.

(b) From and after the date on which the Lease Agreement has been terminated prior to the Termination Date, the Corporation shall pay as and for rental for the Premises an amount determined by an M.A.I. appraisal to be fair market rental for the Premises (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Trustee, as assignee of the Corporation; provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

(i) if the Lease Agreement has been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be pro-rated for the number of days between the date terminated and the next succeeding June 30;

(ii) for each twelve (12) month period beginning on July 1 next succeeding the date on which the Lease Agreement has been terminated and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region;

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the Corporation from the exercise of the remedies permitted under the Lease Agreement and the Trust Agreement during the preceding twelve months prior to such July 1 exceeded (1) the Principal and Interest Requirements for such preceding twelve months; and (2) any amounts constituting Supplemental Rent for the period prior to the termination of the Lease; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future years to the extent that moneys received in such year from the exercise of the remedies permitted by the Lease Agreement exceed (A) the Principal and Interest Requirements; (B) any amounts constituting Supplemental Rent for the period prior to the termination of the Lease; and (C) the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the

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material harm or damage thereto and that such equipment is not owned by the Corporation or any Permitted Transferee.

#### SECTION 6. BOARD'S INTEREST NOT SUBJECT TO CERTAIN LIENS.

It is mutually intended, stipulated and agreed that neither the fee simple title to nor any interest of the Board in the Premises may be subject to liens of any nature arising by reason of any act or omission of the Corporation, including, but not limited to, mechanics' and materialmen's liens.

#### SECTION 7. INSURANCE.

The Corporation covenants and agrees with the Board that the Corporation will cooperate with the Board in providing any information within the Corporation's possession and control necessary for the Board to obtain and maintain in full force and effect insurance coverages desired by the Board or required by the Lease Agreement.

#### SECTION 8. CONDITION OF PREMISE, UTILITIES, CONCEALED CONDITIONS.

(a) Subject to the provisions of this Section 8, the Corporation agrees to accept the Premises in their presently existing condition, "as is."

(b) It is understood and agreed that the Board has determined that the Premises will safely or adequately support the Series 2017 Project, and hereby certifies same to the Corporation.

(c) To the extent not already completed, the Board, at its sole expense, shall bring or cause to be brought to the Premises adequate connections for water, electrical power, storm sewerage, and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Premises water service and capacity sufficient for operation, heating, ventilation, and air conditioning equipment, and to the extent necessary to permit the Board to use the Series 2017 Project for the purposes intended or to permit such Series 2017 Project to comply with all requirements of law, the Board as agent of the Corporation agrees to provide and construct (but only to the extent of the proceeds of the Series 2017 Certificates available therefor, although it may use funds available therefor from other sources in its sole discretion) such roads, streets, sidewalks, and other methods of ingress and egress necessary therefor. Nothing herein shall prohibit the Board from dedicating any such utilities or roads, streets and sidewalks to the appropriate governmental authority or duly constituted investor-owned utility as required or permitted by law, and the Corporation or the Trustee as assignee of the Corporation shall cooperate in such dedication by executing any deed or other instruments required to effect such dedication.

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Lease Agreement and the Trust Agreement (1) shall not give rise to any obligation to pay interest on such unpaid fair market rental; and (2) shall not constitute a default under this Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

(c) Under no circumstances shall the Corporation be required to make any payment of rent hereunder except as provided in Section 23 hereof.

#### SECTION 5. OWNERSHIP OF IMPROVEMENTS AND SURRENDER OF PREMISES.

(a) The Corporation shall at all times during the Ground Lease Term have a Leasehold Estate in the Premises with full right to vest the use, enjoyment, and possession of such Leasehold Estate therein in a Permitted Transferee.

(b) Possession and use of the Premises, together with all improvements thereon, shall, upon the last day of the Ground Lease Term or earlier termination of this Ground Lease, automatically revert to the Board or its designee free and clear of liens and encumbrances created by, through, or under the Corporation other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Ground Lease, the Corporation shall peaceably and quietly surrender to the Board or its designee the Premises together with any improvements located in or upon the Premises. Upon such surrender of the Premises, the Corporation, or any Permitted Transferee, at the reasonable request of the Board, shall execute an instrument in recordable form evidencing such surrender and shall deliver to the Board or its designee all books, record, construction plans, surveys, permits, and other documents relating to, and necessary or convenient for, the operation of the Premises in the possession of the Corporation or any Permitted Transferee.

(c) Any personal property of the Corporation, any Permitted Transferee, or any Person which shall remain on the Premises after expiration or earlier termination of the Ground Lease Term and for ninety (90) days after request by the Board for removal, shall, at the option of the Board, be deemed to have abandoned and may be retained by the Board and the same may be disposed of, without accountability, in such manner as the Board may see fit.

(d) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Premises after expiration or earlier termination of this Ground Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay a rental rate equal to the fair market rental of the Premises determined in the manner provided in Section 4(b) hereof.

(e) The provisions of Section 5(a), 5(b), and 5(c) hereof shall not apply to vending machines or other commercial equipment or trade fixtures located in or about the Premises to the extent that such equipment is readily removable from the Premises without causing

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#### SECTION 9. LIMITATION ON LEASEHOLD MORTGAGES, ASSIGNMENT, AND SUBLETTING

(a) If the Lease Agreement has been terminated and subject to the terms and conditions herein provided, the Corporation may assign or enter into a mortgage or mortgages of, its leasehold interest created hereby in the Premises as security for the performance of its obligations under any financing obtained by the Corporation; provided, however, the fee title to the Premises shall not be subject to, or otherwise encumbered by, any such mortgage; provided, however, that each such leasehold mortgage shall be subject to the provisions of Section 9(d) hereof. Any such mortgage executed by the Corporation pursuant to the provisions of the preceding sentence shall be hereinafter called a "Leasehold Mortgage" and the holder of any such mortgage shall be hereinafter called the "Leasehold Mortgagee."

(b) Except as expressly provided in this Section 9(b), the Corporation shall not assign this Ground Lease, or any portion hereof, or sublease all or any portion of the Premises at any time. Except as expressly permitted in this Section 9(b), any purported assignment, partial assignment or sublease without the Board's prior written consent in violation of this Section 9(b) shall be null and void. So long as the Lease Agreement has not been terminated, (i) the Corporation shall assign this Ground Lease to the Trustee for the benefit of the Owners of the Series 2017 Certificates; and (ii) the Corporation shall sublet all of the Premises to the Board (the "Initial Sublessee") under the Lease Agreement. If the Lease Agreement shall have been terminated other than by payment in full of all of the Outstanding Series 2017 Certificates, pursuant to Section 12.01 of the Trust Agreement, or upon the occurrence of an Event of Non-Appropriation, the Corporation or its assignee may sublet the Premises, in whole or in part, or assign its interest in this Ground Lease, in whole or in part (a "Permitted Sublease") to any Person for any lawful purpose without the prior consent of the Board; provided, however, that no Permitted Sublease shall relieve the Corporation of any of its duties or obligations hereunder without the prior written consent of the Board; provided, further, that each Permitted Sublease shall be subject to the provisions of Section 9(d) hereof. "Permitted Transferee" shall mean a sublessee or assignee permitted by this Section 9(b).

(c) If the Lease Agreement shall have been terminated other than by payment in full of all of the Outstanding Series 2017 Certificates, pursuant to Section 12.01 of the Trust Agreement, or upon the occurrence of an Event of Non-Appropriation, the Corporation or its assignee proposes to create a Permitted Sublease of any portion of its interest in this Ground Lease, the Corporation shall provide written notice thereof to the Board containing the names and addresses of the proposed assignee(s), sublessee(s) or transferee(s); provided, however, that failure to provide such notice shall not affect the validity or effectiveness of any Permitted Sublease to a Permitted Transferee.

(d) If the Lease Agreement shall have been terminated other than by payment in full of the Outstanding Series 2017 Certificates, pursuant to Section 12.01 of the Trust Agreement, upon the occurrence of an Event of Default or an Event of Non-Appropriation under the Lease

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Agreement, nothing herein shall prevent the Corporation or its assignee from entering into a Leasehold Mortgage or a Permitted Sublease for individual parcels of land constituting the Premises. It shall not be necessary for a Leasehold Mortgage or a Permitted Sublease to cover all of the Premises.

#### SECTION 10. UTILITY EASEMENTS.

So long as no Event of Default or Event of Non-Appropriation has occurred under the Lease Agreement and is continuing, the Board reserves the right to grant nonexclusive utility easements, licenses, rights-of-way, and other rights or privileges in the nature of easements to others over, under, through, across, or on the Premises but only to the extent reasonably necessary to provide services to the Premises or any other real property adjacent to the Premises; provided, however, that such grant and any use permitted thereby is not detrimental to the use or operation of the Premises for their intended purpose or to any other uses permitted hereunder after the Ground Lease Term, will not impose any cost upon the Corporation, will not weaken, diminish or impair lateral or subjacent support to the improvements to the Premises, will not impair or diminish the security of the Certificate holders, any Leasehold Mortgagee or Permitted Transferee hereunder and subject to the limitations of Section 768.28, Florida Statutes, the Board agrees, to the extent, if any, permitted by law, to indemnify and save harmless, but only from Available Revenues, the Corporation and any Leasehold Mortgage and Permitted Transferee (whether the interest of such party in the Premises arises prior or subsequent to such grants) against any loss, claim, liability or damages, including legal costs and defense arising or accruing from the use or exercise of such easement.

#### SECTION 11. DUTIES DEEMED PERFORMED.

All obligations of the Corporation hereunder which are to be performed by the Initial Sublessee under the Lease Agreement shall be deemed, as between the Board and the Corporation hereunder, fully performed by the Corporation whether or not such Initial Sublessee actually performs same.

#### SECTION 12. TAXES AND FEES.

(a) The Board represents and warrants that, so long as the Board is in possession of the Premises pursuant to the Lease Agreement, this Ground Lease is and will be exempt from ad valorem and intangible taxation. However, for as long as the Lease Agreement is in effect, should the Premises thereon or any interest therein ever become subject to any such taxes, the Board agrees to pay any and all such lawful taxes, assessments, or charges which at any time may be levied by any federal, state, county, city, or any tax or assessment levying body upon the Premises, or any interest in this Ground Lease, or any possessory right which the Corporation may have in or to the Premises thereon by reason of its use or occupancy thereof or otherwise.

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(b) In the event that the item of default set forth in Section 13(a)(iii) above is of such a nature that it cannot be remedied within the time limits therein set forth, then the Corporation shall have such additional time as is reasonably necessary to cure such default, provided the Corporation diligently commences the curing of such default within said time limits and proceeds to completely cure the same in a timely and diligent manner.

(c) In the event that any Permitted Transferee or Leasehold Mortgagee exists or record at the time that a default occurs hereunder, the Board shall give notice thereof to each such Permitted Transferee and Leasehold Mortgagee and each such party shall have thirty (30) additional days from receipt of such notice to cure such default; provided, however, that if the default is of such a nature that the same cannot be cured in such time, then such party shall have such additional time as is reasonably necessary to cure such default provided that such party diligently commences the curing of such default within such time and proceeds completely to cure same within a timely and diligent manner.

#### SECTION 14. REMEDIES OF THE BOARD.

Upon the occurrence of any event of default as set forth in Section 13 hereof which has not been cured (and is not in the process of being cured) under Section 13(b) or 13(c) hereof, but not otherwise, the Board may take whatever action at law or in equity may appear necessary or desirable to enforce its rights hereunder; provided, however, the Board shall not have the right to terminate this Ground Lease until such time as the Series 2017 Certificates have been paid in full and all other amounts due and owing under the Lease Agreement have been paid in full or provision for payment has been made pursuant to the terms and provisions of the Trust Agreement. The Board shall have recourse solely against the Leasehold Estate of the Corporation in the Premises and severed title to the Buildings in the Series 2017 Project, and any proceeds thereof, for the payment of any liabilities of the Corporation hereunder.

#### SECTION 15. NO WAIVERS.

No waiver by either party hereto at any time of any of the terms, conditions, covenants, or agreements of this Ground Lease, or noncompliance therewith, shall be deemed or taken as a waiver at any time thereafter of the same, nor of any other term, condition, covenant, or agreement herein contained, nor of the strict and prompt performance thereof by the other party hereto. No delay, failure, or omission of the Board to re-enter the Premises, nor delay, failure, or omission by either party hereto to exercise any right, power, privilege, or option, or be construed to be a waiver of any such default, relinquishment thereof, or acquiescence therein, and no notice by either party hereto shall be required to restore or revive time as being of the essence hereof after waiver by the Board of default in one or more instances. No option, right, power, remedy, or privilege of the Board shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options, or remedies given to each party by this Ground Lease are cumulative,

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(b) Notwithstanding the foregoing provision, either the Board or the Corporation shall, after notifying the other party hereto of its intention to do so, have the right in its own name or behalf, or in the name and behalf of the other party hereto, to contest in good faith by all appropriate proceedings the amount, applicability or validity of any such tax or assessment if the interest of the Corporation and the Trustee therein shall not be in jeopardy, and if the Board shall set aside, or cause to be set aside, reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board, upon the commencement of any proceedings to foreclose the lien of any such tax, assessment, or charge, will forthwith pay, or cause to be paid, any such tax, assessment or charge, unless contested in good faith as aforesaid and execution upon the Series 2017 Project is stayed. The Board will not suffer the Series 2017 Project or any part thereof, to be sold for any Real Estate Taxes, taxes, assessments or other charges whatsoever, or to be forfeited therefor. The Board will also pay or cause to be paid all taxes, assessments and other governmental charges which may be imposed on the Corporation or its operations as a result of the transactions contemplated by this Ground Lease, and in connection with such contest, the Board may refrain from paying such tax assessment. Each party shall, upon request by the other party hereto, assist and cooperate with the other party hereto in any such proceedings.

(c) In the event that the Board shall fail to pay any of the items required under this Section 12, the Corporation may, at its sole option, pay the same and any amounts so advanced therefor by it shall become an additional obligation of the Board and Supplemental Rent under the Lease Agreement.

#### SECTION 13. DEFAULT BY THE CORPORATION.

(a) Each of the following events shall be deemed a default by the Corporation hereunder and a breach of this Ground Lease:

(i) If the Corporation shall fail to pay, when due, any rent or portion thereof, or any other sum, if any, which the Corporation is obligated to pay under the terms and provisions of this Ground Lease, and such rent or other sums, if any, remain unpaid for a period of one hundred and eighty (180) days after receipt of written notice to the Corporation and the Trustee from the Board;

(ii) If the Corporation shall attempt to mortgage the Leasehold Estate hereby created in violation of Section 9(a) hereof or to assign this Ground Lease, or any portion thereof, or to sublease any portion of the Premises in violation of Section 9(b) hereof; or

(iii) If the Corporation shall use the Premises for any purposes not permitted by this Ground Lease, and such use shall continue for a period of one hundred eighty (180) days after the Board shall have given written notice to the Corporation to desist from such use.

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and no one of them shall be exclusive of the other or exclusive of any remedies provided by law.

#### SECTION 16. QUIET ENJOYMENT.

The Board agrees that the Corporation and any Permitted Transferee, upon the payment of the rent and all other payments and charges, if any, to be paid by the Corporation under the terms of this Ground Lease, and observing and keeping the agreements and covenants of this Ground Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy, and enjoy the Premises during the term of this Ground Lease, without hindrance or molestation from the Board or anyone claiming by, through or under the Board.

#### SECTION 17. TERMS BINDING UPON SUCCESSORS.

All the terms, conditions, and covenants of this Ground Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

#### SECTION 18. CONDEMNATION.

In the event that any Person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the term of this Ground Lease acquire title to the Premises:

(a) For as long as the Lease Agreement has not been terminated, the net Proceeds resulting therefrom shall be applied pursuant to the Lease Agreement.

(b) If the Lease Agreement shall have been terminated, (i) if such Person acquires title to such substantial portion thereof that the Corporation determines that it cannot economically make use of the residue for the lawful purposes intended by this Ground Lease, such acquisition of title shall terminate this Ground Lease, effective as of the date earlier of the date on which the condemning party takes possession thereof or the date on which the Corporation or its assignee receives the net condemnation proceeds, and the Net Proceeds resulting therefrom shall be applied: first, to the payment of any portion of the Outstanding Series 2017 Certificates, second, to the payment of the amount secured by any Leasehold Mortgage then outstanding hereunder, and third, to the payment of the balance, if any, shall be paid to the Board and the Corporation, as their respective interests may appear; and (ii) if such Person acquires title to a portion of the Premises only, and the Corporation determines that it can economically make beneficial use of the residue thereof for lawful purposes intended by this Ground Lease, then this Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the Board and the Corporation, as their respective interests appear.

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(c) It is understood that the foregoing provisions of this Section 18 shall not in any way restrict the right of the Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

#### SECTION 19. NON-MERGER OF LEASEHOLD.

There shall be no merger of this Ground Lease or of the Leasehold Estate hereby created with the fee estate in the Premises or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Ground Lease or Leasehold Estate hereby created or any interest in this Ground Lease or in such Leasehold Estate and the fee estate in the Premises or any interest in such fee estate. There shall be no merger of this Ground Lease with the Lease Agreement by reason of the fact that the Board is the owner of the fee title to the Premises and the Leasehold Estate in all or a portion of the Series 2017 Project created under the Lease Agreement or by reason of the fact that the Corporation is the owner of the Leasehold Estate in the Premises created hereby and is the owner of the severed title in the Buildings comprising the Project as provided in the Lease Agreement.

#### SECTION 20. MEMORANDUM OF LEASE

Unless mutually agreed to the contrary, simultaneously with the execution of this Ground Lease, the Board and the Corporation shall execute, acknowledge and deliver a Memorandum of Lease with respect to this Ground Lease. Said Memorandum of Lease shall not in any circumstances be deemed to change or otherwise effect any of the obligations or provisions of this Ground Lease.

#### SECTION 21. ESTOPPEL CERTIFICATES.

The Board, at any time and from time to time, upon not fewer than thirty (30) days prior written notice from the Corporation or the Trustee as assignee of the Corporation, will execute, acknowledge, and deliver to the Corporation, the Trustee as assignee of the Corporation, or any Permitted Transferee, a certificate of the Board certifying that this Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Ground Lease is in full force and effect, if it is; and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by the Corporation or the Trustee as assignee of the Corporation or any Permitted Transferee.

#### SECTION 22. NON-RECOURSE OBLIGATION OF THE CORPORATION.

Notwithstanding anything to the contrary herein or in any exhibit, instrument, document, or paper relating to this Ground Lease or any of the transactions contemplated hereby, the parties hereto hereby acknowledge and agree that upon the assignment by the Corporation of its right hereunder to the Trustee pursuant to the Assignment Agreement, the Corporation shall have no further obligation, liability, or responsibility hereunder and no party

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Substances sites maintained by any federal, state or local government agency; and (ix) the Premises is not subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

The Board shall not store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit, or dispose of any Hazardous Substance in, upon, under, over or from the Premises in violation of any Environmental Regulation, shall not permit any Hazardous Substance to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of, or to escape therein, thereupon, thereunder, thereover, or therefrom in violation of any Environmental Regulation, shall cause all Hazardous Substances to be properly removed therefrom and properly disposed of in accordance with all applicable Environmental Regulations, shall not install or permit to be installed any underground storage tank therein or thereunder in violation of any Environmental Regulation, and shall comply with all other Environmental Regulations which are applicable to the Premises.

In the event any Hazardous Substance is found upon, under, over or from the Premises in violation of any Environmental Regulation or if any lien or claim for lien in favor of any governmental entity or agency as a result of any release of any Hazardous Substance is threatened, the Board, at its sole cost and expense, shall, within ten (10) days of such finding, deliver written notice thereof to the Corporation and the Trustee and shall promptly remove such Hazardous Substance upon, under, over or from the Premises and prevent the imposition of any liens against the Premises for the cleanup of any Hazardous Substance. Such removal shall be conducted and completed in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies, in accordance with the orders and directives of all federal, state, and local governmental authorities. In the event the Board has not removed such Hazardous Substances within a reasonable time period, the Board shall immediately commence such remedial action which is prescribed by applicable federal, state and local laws, regulations, rules, ordinances and policies, and in accordance with the orders and directives of any and all federal, state and local governmental authorities.

The Board further agrees to the extent, if any, permitted by law, and subject to the monetary limitations prescribed by Section 768.28, Florida Statutes, to reimburse the Corporation and the Trustee for, and all claims, demands, judgments, penalties, liabilities, costs, damages, and expenses, including court costs and Attorneys' fees directly or indirectly incurred by the Corporation and the Trustee (prior to trial, at trial and on appeal) in any action against or involving the Corporation and the Trustee, resulting from any breach of the foregoing covenants, or from the discovery of any Hazardous Substance, in, upon, under, or over, or emanating from, the Premises, whether or not the Board is responsible therefor, it being the intent of the Board, the Corporation and the Trustee that the Corporation and the Trustee shall have no liability or responsibility for damage or injury to human health, the environment or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to,

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hereto nor their successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

#### SECTION 23. NO RECOURSE UNDER AGREEMENT.

All covenants, stipulations, promises, agreements, and obligations of the parties hereto contained in this Ground Lease shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the parties hereto, respectively, and not of any member, officer, employee, or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of rent pursuant to Section 4 hereof or for any claim based thereon under this Ground Lease Agreement against any member, officer, employee or agent of the parties hereto.

#### SECTION 24. ENVIRONMENTAL COVENANTS, REPRESENTATIONS, AND WARRANTIES.

To the best knowledge of the Board, after due inquiry, (i) no dangerous, toxic, or hazardous pollutants, contaminants, chemicals, waste, materials, or substances, as defined in or governed by the provisions of any federal, state, or local law, statute, code, ordinance, regulation, requirement, or rule relating thereto (collectively, "Environmental Regulations"), and also including urea-formaldehyde, polychlorinated biphenyls, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens, and petroleum products, or any other waste, material, substance, pollutant, or contaminant which would subject the owner of the Premises to any damages, penalties, or liabilities under any applicable Environmental Regulation (collectively, "Hazardous Substances") are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, or disposed of in, upon, under, over or from the Premises in violation of any Environmental Regulation; (ii) no threat exists of a discharge, release, or emission of a Hazardous Substance upon or from the Premises into the environment; (iii) the Premises has not been used as or for a mine, landfill, a dump, or other disposal facility, industrial, or manufacturing facility, or a gasoline service station; (iv) no underground storage tank is now located at the Premises or has previously been located therein but has been removed therefrom; (v) no violation of any Environmental Regulation now exists relating to the Premises, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Premises by any governmental entity or agency, which in any way relates to Hazardous Substances; (vi) no person, party, or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost, or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (i) above; (vii) there are not now any actions, suits, proceedings, or damage settlements relating in any way to Hazardous Substances, in, upon, under, over, or from the Premises; (viii) the Premises is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of Hazardous

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Hazardous Substances by virtue of the interests of the Corporation and the Trustee in the Land or the Premises pursuant to the Lease Agreement or this Ground Lease, or as the result of the Corporation or the Trustee exercising any of its or their rights or remedies with respect thereto hereunder or under any other instrument. The foregoing representations, warranties, and covenants of this Section 24 shall be deemed continuing covenants, representations, and warranties for the benefit of the Corporation and the Trustee and any successors and assigns of the Corporation and the Trustee, and shall survive the satisfaction or release of this Ground Lease, the Lease Agreement, or any other instrument. The foregoing representations, warranties, and covenants of this Section 24 shall be extinguished at the later of (i) the termination date of the Ground Lease; or (ii) that point in time in which the Corporation and the Trustee and any successors and assigns of the Corporation and the Trustee are no longer liable or potentially liable for their own or the Board's compliance with Environmental Regulations as they may apply to the Premises or the Land. Any amounts covered by the foregoing shall bear interest from the date incurred at the maximum rate permitted by law and shall be payable on demand. This covenant shall not be deemed to create any liability on the part of the Board to any Person other than the Corporation, its successors and assigns, or the Trustee.

For purposes of this Section 24, "Premises" includes any portion of the Series 2017 Project situate thereon.

#### SECTION 25. MISCELLANEOUS.

(a) This Ground Lease shall be governed by, and be construed in accordance with the laws of the State of Florida.

(b) Any notice required or desired to be given hereunder, or any items required or desired to be delivered hereunder, may be served or delivered personally or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Board:	School Board of Walton County, Florida 145 Park Street, Suite 3 DeFuniak Springs, Florida 32433 Attention: Superintendent
If to the Corporation:	Walton County Public Education Finance Authority, Inc. 145 Park Street, Suite 3 DeFuniak Springs, Florida 32433 Attention: President
If to the Trustee:	U.S. Bank National Association Corporate Trust Services, EX-FL-UORT 225 E. Robinson Street, Suite 250 Orlando, Florida 32801

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or such other address or party as the party to be served may direct by written notice to the other party. If such notice is sent or delivery is made by registered or certified mail, such notice or delivery shall be deemed served, made and effective seventy-two (72) hours after posting.

(c) It is mutually acknowledged and agreed by the parties hereto that this Ground Lease contains the entire agreement between the Board and the Corporation with respect to the subject matter of this Ground Lease; that there are no verbal agreements, representations, warranties, or other understandings affecting the same.

(d) Nothing herein contained shall be deemed to create a partnership or joint venture, nor shall the relationship between the parties be construed as principal and agent, or other than as landlord and tenant.

(e) The table of contents, headings, and captions of this Ground Lease are inserted solely for convenience of reference, and under no circumstances shall they be treated or construed as part of, or as affecting, this Ground Lease.

(f) For purposes of computing any period of a number of days hereunder for notices or performance (but not for actual days of interest) of ten (10) days or fewer, Saturdays, Sundays, and holidays shall be excluded.

(g) Any provision of this instrument in violation of the laws of the State of Florida shall be ineffective to the extent of such violation, without invalidating the remaining provisions of this instrument. In no event shall the Corporation or its assigns have any cause of actions against the officers or employees of the Board, or against any elected official of the Board based upon or materially related to any finding by any court that any or all provisions of this instrument violate Florida law.

(h) The Corporation and Board acknowledge assignment of this Ground Lease to the Trustee.

(i) The Corporation and Board shall not encumber, dispose of, or release any portion of the Series 2017 Project; provided that so long as there has been no Event of Default or Event of Non-Appropriation under the Lease, the Corporation may release any portion of the Premises provided that in respect of such portion to be released, (i) no portion of the Series 2017 Project has been constructed or installed thereon; and (ii) no proceeds of the portion of the Initial Lease Payment under the Lease Schedule No. 2017 and no proceeds of the Series 2017 Certificates have been expended thereon; and (iii) the Corporation shall retain, and the Board shall grant to the Corporation, such easements, rights of way, agreements of lateral support and other property interests as the Trustee shall require for pedestrian and vehicular ingress, egress and access to and from and between the Premises and the public roads adjoining the Servient Property and as may be necessary for utility and other enjoyment of the Premises which such

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IN WITNESS WHEREOF, the Board and the Corporation have caused this Ground Lease to be executed in duplicate, either of which may be considered an original, as of the day and year first above written.

**THE SCHOOL BOARD OF WALTON COUNTY,  
FLORIDA, as Lessor**

(SEAL)

By: \_\_\_\_\_  
Title: Chairperson

ATTEST:

By: \_\_\_\_\_  
Title: Superintendent, ex-officio secretary

**WALTON COUNTY PUBLIC EDUCATION  
FINANCE AUTHORITY, INC.  
as Lessee**

By: \_\_\_\_\_  
Title: President

ATTEST:

By: \_\_\_\_\_  
Title: Secretary

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services include, but are not necessarily limited to, drainage, sewer and water service, electric and telephone service, gas service and parking of vehicles.

#### SECTION 26. REPRESENTATIONS AND WARRANTIES.

The Board hereby represents and warrants as provided in Exhibit "B" attached hereto.

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#### STATE OF FLORIDA

#### COUNTY OF WALTON

I, \_\_\_\_\_, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Kim Kirby and A. Russell Hughes whose names are, respectively as Chairperson and Superintendent, ex-officio secretary, of **THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA**, which is the governing body of the Walton County School District, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of October, 2017.

\_\_\_\_\_  
Notary Public

My commission expires:

Name:

Address:

Personally Known \_\_\_\_ or

Produced Identification \_\_\_\_

Type of Identification

Produced \_\_\_\_\_

STATE OF FLORIDA

COUNTY OF WALTON

I, \_\_\_\_\_, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Kim Kirby and Russell Hughes whose names are, respectively as President and Secretary of the **WALTON COUNTY PUBLIC EDUCATION FINANCE AUTHORITY, INC.**, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said School Board and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this \_\_\_\_ day of October, 2017.

\_\_\_\_\_  
Notary Public

My commission expires:  
Name:  
Address:

Personally Known \_\_\_\_ or  
Produced Identification\_\_\_\_\_  
Type of Identification  
Produced \_\_\_\_\_

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EXHIBIT "B"

REPRESENTATIONS AND WARRANTIES

[See Transcript Item No. 22 and 23]

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EXHIBIT "A"

LEGAL DESCRIPTION

COMMENCING AT A 5/8" D.O.T. IRON REBAR MARKING THE NORTHWEST CORNER OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 18 WEST, WALTON COUNTY, FLORIDA; THENCE SOUTH 01 DEGREES 25 MINUTES 36 SECONDS WEST ON THE WESTERN BOUNDARY OF SAID SECTION A DISTANCE OF 2222.98 FEET TO A 5" ROUND CONCRETE MONUMENT (US ARMY CORP OF ENGINEERS #615 YEAR 1962), SAID POINT ALSO BEING ON THE SOUTH BOUNDARY LINE OF THE INTERCOASTAL WATERWAY (FROM CHOCTAWHATCHEE BAY TO WEST BAY, FLORIDA); THENCE DEPARTING SAID WESTERN BOUNDARY SOUTH 81 DEGREES 00 MINUTES 37 SECONDS EAST A DISTANCE OF 867.62 FEET TO A POINT; THENCE DEPARTING SAID SOUTH BOUNDARY LINE OF THE INTERCOASTAL WATERWAY SOUTH 39 DEGREES 01 MINUTES 12 SECONDS WEST A DISTANCE OF 183.27 FEET TO A POINT; THENCE SOUTH 49 DEGREES 08 MINUTES 01 SECONDS EAST A DISTANCE OF 315.30 FEET TO A POINT, SAID POINT BEING THE POINT OF BEGINNING; THENCE SOUTH 49 DEGREES 07 MINUTES 37 SECONDS EAST A DISTANCE OF 1195.25 FEET TO A POINT; THENCE SOUTH 40 DEGREES 50 MINUTES 19 SECONDS WEST A DISTANCE OF 1141.60 FEET TO A POINT; THENCE NORTH 49 DEGREES 09 MINUTES 41 SECONDS WEST A DISTANCE OF 1540.24 FEET TO A POINT, SAID POINT BEING THE POINT OF CURVATURE OF A CURVE CONCAVE TO THE SOUTHEAST; THENCE ALONG SAID CURVE HAVING AN ARC LENGTH OF 232.90 FEET, A RADIUS OF 905.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 44 MINUTES 42 SECONDS, A CHORD BEARING OF NORTH 34 DEGREES 22 MINUTES 00 SECONDS EAST AND A CHORD LENGTH OF 232.26 FEET TO A POINT, THENCE SOUTH 49 DEGREES 09 MINUTES 36 SECONDS EAST A DISTANCE OF 40.05 FEET TO A POINT, SAID POINT BEING THE POINT OF CURVATURE OF A CURVE CONCAVE TO THE SOUTHEAST; THENCE ALONG SAID CURVE HAVING AN ARC LENGTH OF 46.42 FEET, A RADIUS OF 865.00 FEET, A CENTRAL ANGLE OF 03 DEGREES 04 MINUTES 30 SECONDS, A CHORD BEARING OF NORTH 43 DEGREES 19 MINUTES 56 SECONDS EAST AND A CHORD LENGTH OF 46.42 FEET TO A POINT; THENCE NORTH 44 DEGREES 22 MINUTES 57 SECONDS EAST A DISTANCE OF 20.60 FEET TO A POINT; THENCE SOUTH 72 DEGREES 30 MINUTES 50 SECONDS EAST A DISTANCE OF 431.55 FEET TO A POINT; THENCE NORTH 35 DEGREES 09 MINUTES 35 SECONDS EAST A DISTANCE OF 62.92 FEET TO A POINT; THENCE NORTH 35 DEGREES 01 MINUTES 49 SECONDS EAST A DISTANCE OF 614.08 FEET TO A POINT, SAID POINT BEING THE POINT OF BEGINNING.

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**APPENDIX H**

**FORM OF OPINION OF SPECIAL COUNSEL**

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UPON DELIVERY OF THE SERIES 2017 CERTIFICATES IN DEFINITIVE FORM, BRYANT MILLER OLIVE P.A., SPECIAL COUNSEL, PROPOSES TO RENDER ITS OPINION WITH RESPECT TO THE SERIES 2017 CERTIFICATES IN SUBSTANTIALLY THE FOLLOWING FORM:

[Date of Delivery]

The School Board of Walton County, Florida  
145 Park Street, Suite 3  
DeFuniak Springs, Florida 32433

**\$36,580,000**  
**CERTIFICATES OF PARTICIPATION, SERIES 2017**  
**Evidencing an Undivided Proportionate Interest of Owners**  
**thereof in Basic Rent Payments to be made by**  
**THE SCHOOL BOARD OF WALTON COUNTY, FLORIDA,**  
**as Lessor, Pursuant to a Master Lease-Purchase Agreement with the**  
**Walton County Public Education Finance Authority, Inc., as Lessee**

Ladies and Gentlemen:

We have acted as Special Counsel to The School Board of Walton County, Florida (the "Board") in connection with the execution and delivery of \$36,580,000 aggregate principal amount of the Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor (the "Series 2017 Certificates"). In that capacity, we have examined various documents including (a) the Master Lease-Purchase Agreement, dated as of June 1, 1999 (the "Master Lease Agreement"), as supplemented by (i) Amended and Restated Lease Schedule No. 2010, dated as of October 1, 2017 (which Master Lease Agreement and Amended and Restated Lease Schedule No. 2010 are herein collectively referred to as the "Series 2010 Lease Agreement"), and (ii) Lease Schedule No. 2017, dated as of October 1, 2017 (which Master Lease Agreement and Lease Schedule No. 2017 are herein collectively referred to as the "Series 2017 Lease Agreement" and, together with the Series 2010 Lease Agreement, the "Lease Agreements"), each between the Board, as lessee, and the Walton County Public Education Finance Authority, Inc., a Florida not-for-profit corporation (the "Corporation"), as lessor; (b) the Trust Agreement, dated as of June 1, 1999, as amended and supplemented, and particularly as amended and supplemented by the Series 2017 Supplemental Trust Agreement, dated as of October 1, 2017 (collectively, the "Trust Agreement"), each by and among the Board, the Corporation, and U.S. Bank National Association, as successor trustee (the "Trustee"), pursuant to which the Series 2017 Certificates

are issued; (c) the Ground Lease Agreement, dated as of August 1, 2010, between the Board, as lessor, and the Corporation, as lessee (the "2010 Ground Lease"), pursuant to which the Board has granted to the Corporation for the benefit of the Series 2017 Certificate Owners a leasehold estate in and to the Series 2010 Project and the land on which the Series 2010 Project is located; (d) the Ground Lease Agreement, dated as of October 1, 2017, between the Board, as lessor, and the Corporation, as lessee (the "2017 Ground Lease" and, together with the 2010 Ground Lease, the "Ground Leases"), pursuant to which the Board has granted to the Corporation for the benefit of the Series 2017 Certificate Owners a leasehold estate in and to the Series 2017 Project and the land on which the Series 2017 Project is located; and (e) the Assignment Agreement, dated as of June 1, 1999, as amended and supplemented by the Series 2017 Supplemental Assignment Agreement, dated as of October 1, 2017 (collectively, the "Assignment"), each among the Corporation, the Board, and the Trustee, pursuant to which the Corporation has assigned its rights, title, and interest in the Lease Agreements and the Ground Leases to the Trustee. We have also examined a record of proceedings of the Board relating to the Lease Agreements.

Pursuant to the Lease Agreements, the Corporation shall lease certain educational facilities to the Board and the Board shall make lease payments to the Trustee, as assignee of the Corporation pursuant to the Assignment, which shall include Basic Rent Payments (as defined in the Trust Agreement). The Series 2017 Certificates each evidence an undivided proportionate interest in the Basic Rent Payments to be made under the Lease Agreements. The proceeds of the Series 2017 Certificates shall be used to finance the Series 2017 Project, refinance the Series 2010 Project, and to pay costs of issuance associated with the Series 2017 Certificates.

The Basic Rent Payments are payable solely from the Board's available funds budgeted and appropriated for such purpose. The Board is not legally required to budget and appropriate funds for this purpose. Basic Rent Payments are subject to annual appropriation by the Board. Neither the Board, the State of Florida, nor any political subdivision or agency thereof shall be obligated to pay any sums due under the Lease Agreements from any source other than appropriated funds, and the faith and credit of the Board are not pledged for payment of such sums due thereunder and such sums do not constitute debt of the Board within the meaning of any constitutional or statutory provision or limitation.

The Board has and may in the future, from time to time, lease other Projects (as defined in the Trust Agreement) from the Corporation pursuant to the Master Lease Agreement. The acquisition, construction, and installation of each such Project shall be financed by the issuance of a series of certificates of participation pursuant to the Trust Agreement. Each series of certificates of participation issued to finance a Project shall relate solely to that Project independent of other series of certificates of participation. The Board has agreed in the Lease Agreements to budget and appropriate in each fiscal year from available funds, sufficient moneys to make the Basic Rent Payments for all Projects or for none of them.

As to questions of fact material to our opinion, we have relied upon the representations of the Board contained in the Lease Agreements and in the certified proceedings and other certifications of officials furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation, or inspection of such matters and have relied solely on the facts, estimates, and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals, and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the Board's counsel as to the due creation and valid existence of the Board, the due adoption of the Resolution and the issuance of the Series 2017 Certificates and compliance by the Board with all conditions contained in the resolution of the Board precedent to the issuance of the Series 2017 Certificates.

Based upon the foregoing, we are of the opinion that:

1. The Lease Agreements, the Trust Agreement, the Assignment, and the Ground Leases have each been duly authorized, executed, and delivered by the Board and each constitutes a valid and legally binding special obligation of the Board, enforceable in accordance with its respective terms.

2. The Series 2017 Certificates, upon proper execution and authentication, shall evidence a proportionate undivided interest in the Basic Rent Payments made by the Board under the Lease Agreements and shall be entitled to the benefits and security of the Trust Agreement.

3. The interest portion of the Basic Rent Payments received by the Owners of the Series 2017 Certificates is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, the interest portion of the Basic Rent Payments received by the Owners of the Series 2017 Certificates will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. However, no opinion is expressed with respect to the federal income tax consequences of any payments received or to be received with respect to the Series 2017 Certificates following termination of the Lease Agreements as a result of an Event of Non-Appropriation or the occurrence of an Event of Default thereunder. The opinions set forth in the preceding sentences are subject to the condition that the Board complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2017 Certificates in order that the interest

portion of the Basic Rent Payments received by the Owners of the Series 2017 Certificates be, and continue to be, excludable from gross income from federal income tax purposes. Failure to comply with certain of such requirements may cause the interest portion of the Basic Rent Payments received by the Owners of the Series 2017 Certificates to be so included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2017 Certificates.

It is to be understood that the rights of the Owners of the Series 2017 Certificates and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity; to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America; and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion and except as may be set forth in our opinion as Disclosure Counsel rendered on the date hereof, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Offering Statement or any other offering material relating to the Series 2017 Certificates. This opinion should not be construed as offering material, an offering circular, prospectus, or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Series 2017 Certificates. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Series 2017 Certificates. In addition, and as Special Counsel, except as expressly set forth in our other opinions delivered the date hereof related to the Series 2017 Certificates, we have not been engaged to and, therefore, express no opinion as to compliance by the Board or the underwriters with any federal or state statute, regulation, or ruling with respect to the sale and distribution of the Series 2017 Certificates. Further, we express no opinion regarding federal income tax consequences arising with respect to Series 2017 Certificates other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

**APPENDIX I**

**FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT**

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## DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of October 11, 2017, is executed and delivered by The School Board of Walton County, Florida (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Series 2017 Certificates (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Series 2017 Certificates in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Offering Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the Superintendent or the Chief Financial Officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shutdown of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2017 Certificates (including persons holding Series 2017 Certificates through nominees, depositories or other intermediaries) or (b) treated as the owner of any Series 2017 Certificates for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2017 Certificates (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Offering Statement" means that Offering Statement prepared by the Issuer in connection with the Series 2017 Certificates, as listed on Exhibit A.

"Series 2017 Certificates" means the certificates as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Trustee" means the institution identified as such in the document under which the Series 2017 Certificates were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than March 30 after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2017. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report by 10:00 a.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are

available, provide at such time an electronic copy to the Disclosure Dissemination Agent together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material;"
9. "Defeasances;"
10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"

12. "Tender offers;"
13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to bond documents;"
4. "certain communications from the Internal Revenue Service" other than those communications included in the Rule;
5. "secondary market purchases;"
6. "bid for auction rate or other securities;"
7. "capital or other financing plan;"
8. "litigation/enforcement action;"
9. "change of tender agent, remarketing agent, or other on-going party;"
10. "derivative or other similar transaction;" and
11. "other event-based disclosures."

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"
2. "timing of annual disclosure;"
3. "change in fiscal year/timing of annual disclosure;"
4. "change in accounting standard;"
5. "interim/additional financial information/operating data;"
6. "budget;"
7. "investment/debt/financial policy;"
8. "information provided to rating agency, credit/liquidity provider or other third party;"
9. "consultant reports;" and
10. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports. (a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the following information provided in the Offering Statement:

1. The tables entitled "Summary of Statistical Data;" "Summary of Revenues and Expenses – General Fund;" "Assigned and Unassigned Fund Balance for the District's General Fund;" "Summary of Revenues and Expenses – Capital Projects Funds;" "Anticipated Capital Outlay Millage Levy Required to Cover Payments on the Certificates;" "Assessed and Estimated Actual Value of Taxable Property;" "Property Tax Levies and Collections;" and "Property Tax Rates Direct and Overlapping Governments."

2. Description of any additional series of Certificates issued under the Trust Agreement.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP"), as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Governmental Accounting Standards Board will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Governmental Accounting Standards Board will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

The Issuer reserves the right to modify from time to time the specific types of information provided in the Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Series 2017 Certificates, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events. (a) The occurrence of any of the following events with respect to the Series 2017 Certificates constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2017 Certificates, or other material events affecting the tax status of the Series 2017 Certificates;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2017 Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.



13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth (10th) business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4. Such instruction shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new certificates at such time as they are issued or become subject

to the Rule, and (ii) any Series 2017 Certificates to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Series 2017 Certificates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing. (a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time. Such instruction shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time. Such instruction shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure,

in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Series 2017 Certificates upon the legal defeasance, prior redemption or payment in full of all of the Series 2017 Certificates, when the Issuer is no longer an obligated person with respect to the Series 2017 Certificates, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty (30) days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Series 2017 Certificates. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Series 2017 Certificates or under any other document relating to the Series 2017 Certificates, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.  
(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have

no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Series 2017 Certificates or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Series 2017 Certificates.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if the following conditions are satisfied: (a) the amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Series 2017 Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment does not materially impair the interests of the holders, as determined either by parties unaffiliated with the Issuer (such as the trustee or bond counsel), or by approving vote of bondholders pursuant to the terms of the governing instrument at the time of the amendment. Neither the Issuer nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

In the event of any amendment of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such

change shall be given in the same manner as for a Notice Event under Section 4 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than twenty (20) days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within ten (10) days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Disclosure Dissemination Agent, the underwriters, and the Holders from time to time of the Series 2017 Certificates, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Dissemination Agent Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION,  
L.L.C., as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: Diana O'Brien  
Title: Client Service Manager

THE SCHOOL BOARD OF WALTON  
COUNTY, FLORIDA, as Issuer

By: \_\_\_\_\_  
Name: Kim Kirby  
Title: Chairperson

**EXHIBIT A**  
**NAME AND CUSIP NUMBERS OF CERTIFICATES**

Name of Issuer: The School Board of Walton County, Florida

Obligated Person(s): The School Board of Walton County, Florida

Name of Bond Issue: Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor

Date of Issuance: October 11, 2017

Date of Offering Statement: September 28, 2017

Maturity (July 1)	Principal Amount	Interest Rate	Initial CUSIP Numbers
2018	\$1,070,000	4.000%	93340LCD7
2019	1,060,000	4.000	93340LCE5
2020	2,285,000	5.000	93340LCF2
2021	1,245,000	5.000	93340LCG0
2022	1,305,000	5.000	93340LCH8
2023	1,370,000	5.000	93340LCJ4
2024	1,440,000	5.000	93340LCK1
2025	1,515,000	5.000	93340LCL9
2026	1,590,000	5.000	93340LCM7
2027	1,670,000	5.000	93340LCN5
2028	1,750,000	5.000	93340LCP0
2029	1,840,000	5.000	93340LCQ8
2030	1,930,000	5.000	93340LCR6
2031	2,030,000	5.000	93340LCS4
2032	2,130,000	5.000	93340LCT2
2033	2,235,000	5.000	93340LCU9
2034	2,345,000	5.000	93340LCV7
2035	2,465,000	5.000	93340LCW5
2036	2,590,000	5.000	93340LCX3
2037	2,715,000	5.000	93340LCY1

**EXHIBIT B**  
**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: The School Board of Walton County, Florida

Obligated Person: The School Board of Walton County, Florida

Name(s) of Bond Issue(s): Certificates of Participation, Series 2017 Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made by The School Board of Walton County, Florida, as Lessee, pursuant to a Master Lease-Purchase Agreement with Walton County Public Education Finance Authority, Inc., as Lessor

Date(s) of Issuance: October 11, 2017

Date(s) of Disclosure Agreement: October 11, 2017

CUSIP Number:

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual report with respect to the above-named Series 2017 Certificates as required by the Disclosure Agreement between the Issuer and Digital Assurance Certificate, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

DIGITAL ASSURANCE CERTIFICATION,  
L.L.C., as Disclosure Dissemination Agent, on  
behalf of the Issuer

\_\_\_\_\_

cc:



**EXHIBIT C-1**  
**EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: The School Board of Walton County, Florida

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

Or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ Principal and interest payment delinquencies;
2. \_\_\_\_\_ Non-payment related defaults, if material;
3. \_\_\_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties;
4. \_\_\_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties;
5. \_\_\_\_\_ Substitution of credit or liquidity providers, or their failure to perform;
6. \_\_\_\_\_ Adverse tax opinions, IRS notices or events affecting the tax status of the security;
7. \_\_\_\_\_ Modifications to rights of securities holders, if material;
8. \_\_\_\_\_ Bond calls, if material;
9. \_\_\_\_\_ Defeasances;
10. \_\_\_\_\_ Release, substitution, or sale of property securing repayment of the securities, if material;
11. \_\_\_\_\_ Rating changes;
12. \_\_\_\_\_ Tender offers;
13. \_\_\_\_\_ Bankruptcy, insolvency, receivership or similar event of the obligated person;
14. \_\_\_\_\_ Merger, consolidation, or acquisition of the obligated person, if material; and
15. \_\_\_\_\_ Appointment of a successor or additional trustee or the change of name of a trustee, if material.

\_\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 East Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_

**EXHIBIT C-2**  
**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of October 11, 2017, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: The School Board of Walton County, Florida

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

Or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ Amendment to continuing disclosure undertaking;
2. \_\_\_\_\_ Change in obligated person;
3. \_\_\_\_\_ Notice to investors pursuant to bond documents;
4. \_\_\_\_\_ Certain communications from the Internal Revenue Service;
5. \_\_\_\_\_ Secondary market purchases;
6. \_\_\_\_\_ Bid for auction rate or other securities;
7. \_\_\_\_\_ Capital or other financing plan;
8. \_\_\_\_\_ Litigation/enforcement action;
9. \_\_\_\_\_ Change of tender agent, remarketing agent, or other on-going party;
10. \_\_\_\_\_ Derivative or other similar transaction; and
11. \_\_\_\_\_ Other Event-based disclosures.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 East Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_

**EXHIBIT C-3**  
**VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of October 11, 2017, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: The School Board of Walton County, Florida

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

Or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ Quarterly/monthly financial information;
2. \_\_\_\_\_ Change in fiscal year/timing of annual disclosure;
3. \_\_\_\_\_ Change in accounting standard;
4. \_\_\_\_\_ Interim/additional financial information/operating data;
5. \_\_\_\_\_ Budget;
6. \_\_\_\_\_ Investment/debt/financial policy;
7. \_\_\_\_\_ Information provided to rating agency, credit/liquidity provider or other third party;
8. \_\_\_\_\_ Consultant reports; and
9. \_\_\_\_\_ Other financial/operating data.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 East Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_

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# Walton

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COUNTY SCHOOL DISTRICT



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