

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDING JUNE 30, 2014



The School Board of Marion County, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**MARION COUNTY DISTRICT SCHOOL BOARD
OCALA, FLORIDA**

**FISCAL YEAR ENDED
JUNE 30, 2014**

George D. Tomin, Superintendent of Schools

**Prepared By:
Finance and Accounting Department
Theresa Boston-Ellis, Executive Director of Business Services
Alice A. Posada, Director of Finance**

**Marion County District School Board
P.O. Box 670
Ocala, FL 34478-0670**

**THE MARION COUNTY DISTRICT SCHOOL BOARD
 OCALA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED
 JUNE 30, 2014**

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District School Board of Marion County
School Board Members and Superintendent
(Members and the Superintendent are elected for a four-year term)



Mrs. Carol Ely
Member, District I
November 2016



Mrs. Nancy Stacy
Member, District II
November 2016



Mr. Bobby L. James
Chairman, District III
November 2014



Ms. Angie Boynton
Vice Chair, District IV
November 2014



Mr. Ronald B. Crawford
Member, District V
November 2014



Mr. George D. Tomin
Superintendent
November 2016



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December 5, 2014

Members of the Board
Marion County School Board
512 SE 3rd Street
Ocala, Florida 34471

Dear School Board Members and Citizens of Marion County,

State statute requires that all local governments publish after the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Marion County District School Board (the District), for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the District. Responsibility for the administration and management of the schools and the administrative support units of the District is vested in the Superintendent of Schools who serves as the Board Secretary and Chief Executive Officer. Accordingly, responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the Superintendent and the designated representatives of the Superintendent. To provide a reasonable basis for making these representations, the Superintendent and/or his representatives have established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As District representatives, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The State of Florida Auditor General has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor

George D. Tomy Superintendent	Nancy Stacy District 1	Carol Ely District 2	Bobby L. James District 3	Angie Boynton District 4	Ronald B. Crawford District 5
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concluded that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The Auditor General's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the District was part of a broader, Federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the United States Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. Information related to this Single Audit, including the schedule of expenditures of Federal awards, the independent auditor's reports on internal control over financial reporting and on compliance and other matters, the independent auditor's report on Federal program compliance, the schedule of findings and questioned costs, and the summary schedule of prior audit findings, is included in section IV as additional elements of this report.

This report includes all funds of the District. District school officials are responsible for providing a full range of educational programs to students in the District, thus these programs and support activities meet the criteria for inclusion in the reporting entity. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report.

We trust the report provides sufficient information and insight to demonstrate a basis for confidence in our leadership team and its ability to keep raising the level of educational excellence in our District.

Profile of the School District

The District and its governing board (the Board) were created pursuant to Section 4, Article IX of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered and supervised by District school officials in accordance with Chapter 1001, Florida Statutes. The Board consists of five (5) elected officials responsible for the adoption of policies, which govern the operation of the District's public schools. The Superintendent is responsible for the administration and management of the schools within the applicable parameters of State laws, State Board of Education Rules, and School Board policies. The Superintendent is also specifically delegated the responsibility of maintaining a uniform system of records and accounts for the District by State Board of Education Rule 6A-1.001, Florida Administrative Code.

The geographic boundaries of the District are coterminous with those of Marion County. Management of the District is independent of county and city governments.

The CAFR contains the audited financial statements for all operations over which the District is financially accountable. Various potential component units were evaluated to determine whether they should be considered as part of the District's reporting entity. A component unit was considered to be part of the District's reporting entity when it was concluded that the District was financially accountable for the entity or the nature and significance of the relationship between the District and the entity was such that exclusion would cause the District's financial statements to be misleading. Based on established criteria, it was determined that a leasing corporation is identified as a component unit requiring blended presentation, and one direct support organization and three charter schools are component units requiring discrete presentation in the basic financial statements. Charter schools are

funded by the State and Federal governments, and funds pass through the District for distribution to each charter school. Charter schools also receive grants and donations that do not pass through the school system. The notes to financial statements include a detailed discussion of the blended component unit and the component units that are discretely presented in the basic financial statements.

I. BEING ACCOUNTABLE FOR WHAT WE DO

The District is legally responsible for providing a full range of educational programs in Marion County. These include:

- ❖ Voluntary Pre-Kindergarten
- ❖ Kindergarten through 12th grade
- ❖ Basic, Regular, and Enrichment Programs
- ❖ Exceptional Student Education
- ❖ Career Technical Education
- ❖ Adult Education
- ❖ Specialized Instruction, in areas such as English Proficiency for Speakers of Other Languages
- ❖ Alternative Education

This report accounts for the source and expenditure of all funds involved in the implementation and support of these programs.

II. COPING WITH CHANGE

Covering 1,663 square miles, Marion County is one of the largest counties in Florida and is in the midst of significant demographic change as discussed below.

With 41,632 students, Marion County student enrollment increased by 43 students from the 2012-13 fiscal year to the 2013-2014 fiscal year. Enrollment has decreased by 1059 students since the 2007-08 fiscal year, which approximates the level of decline of students statewide. There is little projected change for the 2014-15 fiscal year student enrollment.

Growth

In the past nine years, total population in the county has grown from 293,317 to 340,018, or 16 percent. Most of this increase occurred from 2005 to 2008.

Diversity

The community has grown in population and in diversity. Newcomers from Latin America, India, and the Caribbean seek job opportunities here while younger families are leaving Florida to seek better job opportunities. These two factors combined have created a unique and diverse demographic for our schools.

The demographics of our school district reflect our social, ethnic, racial, and economic diversity. For example:

- ❖ Over 12.7 percent of our student population has a native language represented by one of approximately 46 different languages. Many of these students maintain their home language and learn English, making them bilingual and sometimes biliterate, which is our goal.
- ❖ Seventy-five percent qualify for free or reduced price lunches.

Economic Development

As the work force needs in the community change, the District seeks to work with the Ocala/Marion County Chamber and Economic Partnership and other local organizations to help ensure our students are prepared to continue on to post-secondary education, the military, or to join our local work force.

Public-private partnerships, such as the Marion Technical Institute task force, are shaping strategies to help ensure students are prepared for highly skilled jobs available in Marion County.

The District has become an integral part of these efforts. Preparing students for productive employment, which is part of our mission, is crucial to successful economic development.

The District is caught in a fiscal debate over how to accommodate the class size reduction amendment coupled with rising academic expectations. The long-term financial plan for obtaining these resources is discussed in the next section.

III. MOVING TO THE NEXT LEVEL

As we build on the progress we have made, a strong leadership team will guide us. We have narrowed our focus to our core objective, which is to prepare children to succeed in the future. We have also initiated a strategy for accelerating the pace of improvement. For example:

- ❖ The District's comprehensive program for student progression uses assessment data, including universal screening and ongoing progress monitoring, to evaluate the effectiveness of instruction, identify students needing more intensive instructional support, and monitor each student's response to implemented interventions. Students who do not meet grade level expectations receive increasingly intense interventions services. The areas of academic need and intervention strategies are defined through a problem-solving/Multi-Tier System of Supports (MTSS) process. Multiple tiers of increasingly intense instructional/intervention services are implemented to support student academic proficiency. Students are matched to strategic and intensive interventions based on data from multiple assessment sources. Student progression decisions consider the effectiveness of core instruction and the student's response to evidence-based interventions. We believe that every child should be college and career ready and can achieve at high levels given the proper time and resources, and we plan for all our schools to achieve "A" or "B" School Recognition Grades by 2016.

- ❖ Student performance is paramount to any educational system. Success early in school in critical areas of reading, writing and mathematics is emphasized to promote success in higher grade levels. Lowering class size in kindergarten through third grades is just one way to accomplish this. Reducing the dropout rate begins in these early grades, when children learn the critical skills for learning. Identifying and targeting these challenging areas will keep students interested in learning and achieving at high levels, with the primary goal to see more students stay in school through graduation.

- ❖ Our current K-12 Reading Plan is focusing on the implementation of curriculum and instruction practices aimed at accelerating student growth. Marion County Public Schools leverages nationally normed Curriculum Based Measures to monitor student progress through the MTSS in Reading. Ongoing staff development and support is provided by reading coaches. Through the reading initiative, schools monitor reading intervention data to determine if the gap is closing on reading deficiencies. We continue to work to identify those strategies that will be effective with the most at risk students. Our local community continues to support literacy by providing reading activities and materials targeting classrooms and/or grade levels.

- ❖ The District has 42 National Board Certified Teachers in classrooms and another 10 who are currently working in other District positions giving a total of 52.

❖ District wide, 17 percent of all elementary and middle schools earned a grade of “A” or “B”. Of the 41 elementary and middle schools that received grades last year (there was 1 new school in 2014), 21 improved or maintained their letter grades, while 20 others dropped one letter grade. Elementary schools continue to show the strongest number of “A” and “B” grades.

The District posted increased learning gains in Reading, particularly the learning gains for the lowest quartile of students in both Reading and Mathematics. However, the overall percentages of students scoring at satisfactory levels in Reading, Mathematics, Writing, and Science declined slightly.

See the four year comparison below:

Marion County Performance Grade (Elementary & Middle) Distribution

	2014	2013	2012	2011
Performance Grade A	4	4	12	20
Performance Grade B	3	9	14	10
Performance Grade C	16	15	14	9
Performance Grade D	16	13	0	0
Performance Grade F	3	0	0	0

High school grades are pending and will not be released until this fall when data is available for high school specific components.

❖ Increased scoring standards FCAT 2.0 Writing continue to have an effect on the percent of students scoring at satisfactory levels. Our fourth grade students scoring 3.5 and above decreased from 46 percent in 2013 to 35 percent in 2014, although eighth grade students scoring 3.5 and above increased from 37 percent in 2013 percent to 40 percent in 2014. Our high school students scoring 3.5 and above decreased from 55 percent in 2013 to 51 percent in 2014.

❖ Marion County students’ scores dropped slightly from the prior year on Mathematics, with 51 percent of students scoring at Level 3 or above in 2014 compared with 52 percent last year. On FCAT Reading, 51 percent of Marion County students achieved a score of Level 3 or above in 2014, down from 53 percent last year.

❖ Marion County FCAT Science scores for elementary students scoring at Level 3 and above decreased by 3 percent from 2013, and students scoring at Level 3 and above in middle school decreased 1 percent from 2013. There was no FCAT 2.0 Science assessment in high school this year as a result of the Biology End of Course (EOC) implementation.

❖ The Ocala/Marion County Chamber and Economic Partnership works closely with the District to develop a strong Business Partner Program for all schools through the Public Education Foundation. Partners assist schools financially and strategically to enhance student achievement.

With a clear mission, strong leadership, qualified workforce, and a growing sense of partnership with business, parents, and the community at large, we are poised for higher achievement.

Immediate Challenges

Resources to local schools come in many forms including personnel and facilities. To fund both of these is the immediate challenge of the District. Personnel at the school level, including teachers and all support staff, have been reduced due to budget constraints. Likewise, care and maintenance of facilities have been reduced to minimal levels. It is imperative that the District explore avenues to supplement funds received from the State so that all areas of the system can produce as expected.

Financial Information

Long-Term Financial Planning

Long-term financial planning needs are addressed in a Five-Year District Facilities Work Plan encompassing all construction, maintenance, and facility renovation. The Facilities Work Plan is updated every year. Funding is provided primarily from the local capital outlay millage levy. The Facilities Department managed a total budget of approximately \$49 million during the 2013-14 fiscal year.

Financial Information

A detailed explanation of the financial position and operating results of the District is provided in the CAFR. Presented below is a brief description of financial information, management of financial resources and obligations, and control techniques applicable to financial resources, obligations, and information.

The accounting policies of the District conform to GAAP applicable to governmental units. The statements and schedules included in the financial section of this report demonstrate the District's continued commitment to sound financial management.

Budgetary Controls

The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriations budget approved by the Board. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds are included in the annual appropriations budget. Although a Five-Year District Facilities Work Plan is adopted for the capital projects funds, the funding for the projects is contingent upon the annual budget adoption. The budgetary process is discussed under the Budgetary Compliance and Accountability section of the Notes to Required Supplementary Information.

Retirement Program

The District participates in the Florida Retirement System, which is administered by the State. Note III.E. to financial statements describes the District's retirement program in greater detail.

Audit

State statutes require an audit by the State of Florida Auditor General every three years. Annual audits by other independent certified public accountants are performed in the intervening years. The auditor's report is included at the beginning of the financial section in this CAFR.

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District of Marion County, Florida, for its CAFR for fiscal year ended June 30, 2013. This is the fourteenth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement,

a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the CAFR could not have been accomplished without the loyal and dedicated assistance of the entire staff of the Finance Department, as well as, the entire District administrative staff who provided assistance throughout the preparation of this report.

We would like to thank the School Board Members for their interest and support in establishing responsible and progressive financial policies for the District. The citizens of Marion County are also to be commended for their continued support of the public schools.

As this fiscal year ends, and we look back at the events that have affected us as a District and as a community, our commitment to quality education is as strong as ever.

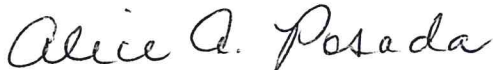
Respectfully submitted,



George D. Tomyh, Superintendent of Schools



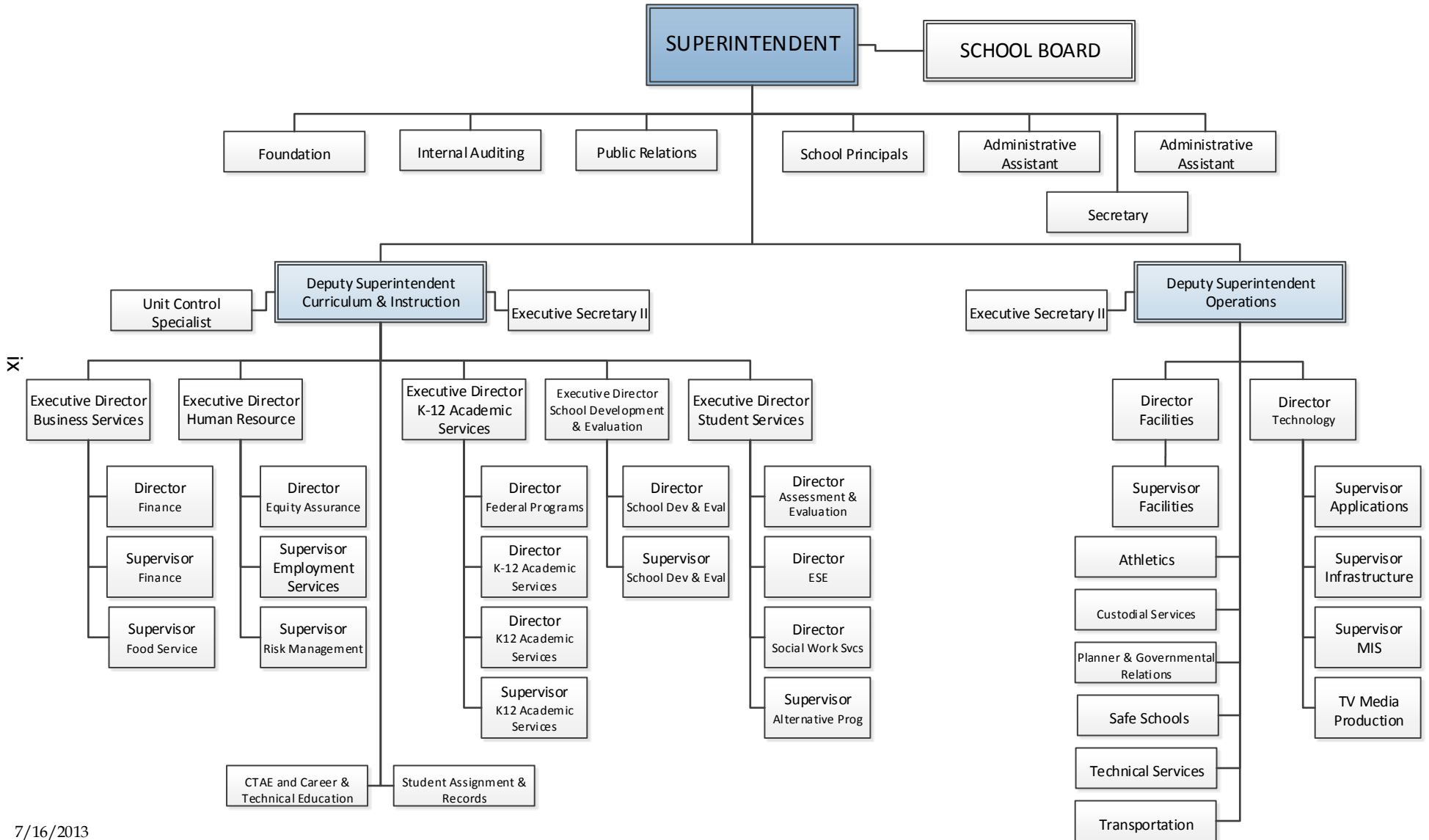
Theresa Boston-Ellis, Executive Director of Business Services



Alice A. Posada, Director of Finance

MARION COUNTY PUBLIC SCHOOLS

Organizational Chart 2013-2014





Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
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Presented to

**School District of Marion County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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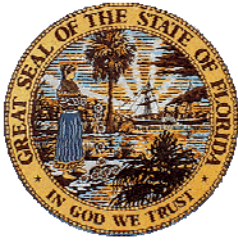
FINANCIAL SECTION

This section contains the following subsections:

**Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements**

**Notes to Financial Statements
Required Supplementary Information
Notes to Required Supplementary Information**

**Supplementary Information:
Combining and Individual Fund Statements and Schedules**



DAVID W. MARTIN, CPA
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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

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 Marion County District School Board, as of and for the fiscal year ended June 30, 2014, 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 22 percent of the assets and 29 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, as described in note I to the financial statements, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the Marion County District School Board as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note II to the financial statements, the District adopted new accounting guidance Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which affects the comparability of amounts reported for the 2013-14 fiscal year with amounts reported for the 2012-13 fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS; SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – FOR THE GENERAL AND MAJOR SPECIAL REVENUE FUNDS; SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS;** 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 required 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report 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 THE 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,



David W. Martin, CPA

Tallahassee, Florida

December 5, 2014

Audit Report No. 2015-059

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Marion County District School Board (the District) has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2014. 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 2013-14 fiscal year are as follows:

- Total Net Position is \$421,357,027, which represents a 0.04 percent decrease from the 2012-13 fiscal year.
- General revenues total \$337,684,084, or 91.24 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$32,438,667 or 8.76 percent of all revenues.
- Expenses total \$368,355,105; only \$32,438,667 of these expenses were offset by program revenues, with the remainder paid from general revenues. Total revenues exceed total expenses by \$1,767,646.
- The total combined assigned and unassigned fund balance of the General Fund, representing the net fund balance that is spendable and not restricted, totals \$19,016,750 at June 30, 2014, or 6.52 percent of total General Fund revenues. The unassigned fund balance totals \$11,469,003 which represents 3.93 percent of total General Fund revenues.
- The District's capital assets (net of depreciation) decreased by \$9,580,146 as depreciation expense exceeded capital asset additions in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to 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 primary government presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets, its liabilities, and its deferred outflows of resources using an economic resources measurement focus. Assets plus deferred outflows of resources, less liabilities, 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 two categories:

Governmental activities—This represents most of the District's services, including its educational programs: basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.

Component units—The District presents four separate legal entities in this report including the Marion Charter School, Inc.; the McIntosh Area School, Incorporated; the Francis Marion Military Academy, Inc.; and the Public Education Foundation of Marion County, Inc. Although these entities do not meet the specific financial accountability criteria, they are included in this report as component units based on the nature and significance of their relationship with the District to prevent the District's financial statements from being misleading. Financial information for these component units are reported separately from the financial information presented for the primary government.

The Marion County School Board Leasing Corporation, Inc. (Leasing Corporation), also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation 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 three broad categories as discussed below.

Governmental Funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize the current financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The current financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet

and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Food Service Fund, Special Revenue – Federal Economic Stimulus Fund, Capital Projects – Local Capital Improvement Fund, and Capital Projects – Other Capital Projects Fund. Data from the other five governmental funds are considered nonmajor and are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and are presented as supplementary information.

Proprietary Fund—Proprietary funds may be established to account for activities in which a fee is charged for services. The District maintains an internal service fund to report activities that provide services to support the District's other programs and functions through user charges. The District uses the internal service fund to account for the cost of the District's self-insurance program. Since these services predominantly benefit governmental functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same types of information as the government-wide financial statements, only in more detail. The internal service fund is presented in a single column in the proprietary fund financial statements.

Fiduciary Funds—Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds and the Silver River Museum. 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 and a Private-Purpose Trust Fund to account for private funds held for the Silver River Museum.

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.

Required Supplementary Information

The District adopts an annual budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund and the major Special Revenue Funds to demonstrate compliance with the budget. Additional required supplementary information is presented relating to the funding progress for other postemployment benefits.

Notes to Required Supplementary Information

The notes provide additional information that is essential for a full understanding of the data provided in the required supplementary information.

Other Supplementary Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time 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, 2014, compared to net position as of June 30, 2013:

	Net Position, End of Year	
	<u>Governmental Activities</u>	
	<u>6-30-14</u>	<u>6-30-13</u>
Current Assets	\$ 86,632,214	\$ 82,201,162
Other Assets	535,836	1,927,260
Capital Assets, Net of Depreciation	<u>543,517,122</u>	<u>553,097,268</u>
Total Assets	<u>630,685,172</u>	<u>637,225,690</u>
Deferred Outflow of Resources	<u>1,682,696</u>	<u>-</u>
Current Liabilities	14,492,285	15,235,674
Noncurrent Liabilities	<u>196,518,556</u>	<u>200,473,375</u>
Total Liabilities	<u>211,010,841</u>	<u>215,709,049</u>
Net Position:		
Net Investment in Capital Assets	421,531,025	424,639,560
Restricted	38,543,429	39,563,126
Unrestricted (Deficit)	<u>(38,717,427)</u>	<u>(42,686,045)</u>
Total Net Position	<u><u>\$ 421,357,027</u></u>	<u><u>\$ 421,516,641</u></u>

The largest portion of the District's net position reflects its investment in capital assets (e.g., land; buildings and fixed equipment; furniture, fixtures, and equipment), less any related debt still outstanding net of unspent debt proceeds. 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 unrestricted net position of \$23,942,955 (after exclusion of \$31,328,099 in compensated absences payable and \$31,332,283 in other postemployment benefits payable) may be used to meet the government's ongoing obligations to students, employees, and creditors.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2014, and June 30, 2013, are as follows:

- The decrease in capital assets is due primarily to depreciation expense exceeding capital outlay in the current year.
- The decrease in long-term liabilities is due to normal retirement of debt during the year. Additionally, the District took advantage of market conditions and refunded bonds and certificates of participation as disclosed more fully in Note III.K.3. to the financial statements.

Governmental activities increased the District's net position by \$1,767,646 during the 2013-14 fiscal year, detailed as follows:

	Operating Results for the Fiscal Year Ended	
	Governmental Activities	
	6-30-14	6-30-13
Program Revenues:		
Charges for Services	\$ 9,801,978	\$ 11,182,656
Operating Grants and Contributions	20,831,097	19,095,554
Capital Grants and Contributions	1,805,592	1,723,381
General Revenues:		
Property Taxes Levied for Operational Purposes	86,908,625	91,929,027
Property Taxes Levied for Capital Projects	22,325,029	22,351,178
Grants and Contributions Not Restricted to Specific Programs	222,724,894	204,350,332
Unrestricted Investment Earnings	322,748	984,783
Miscellaneous	5,402,788	6,463,438
Total Revenues	370,122,751	358,080,349
Functions/Program Expenses:		
Instruction	204,444,783	193,104,354
Student Personnel Services	23,289,985	22,318,281
Instructional Media Services	3,729,590	4,085,164
Instruction and Curriculum Development	5,645,058	6,273,460
Instructional Staff Training Services	7,194,947	7,165,977
Instruction Related Technology	2,229,226	2,089,873
Board of Education	634,052	610,546
General Administration	2,316,446	2,357,108
School Administration	17,249,608	17,063,273
Facility Services	3,848,722	4,411,906
Fiscal Services	2,464,671	2,528,497
Food Services	23,066,934	22,368,022
Central Services	3,987,410	3,819,998
Student Transportation Services	21,274,194	18,604,907
Operation of Plant	23,861,211	22,464,976
Maintenance of Plant	8,846,764	8,577,801
Administrative Technology Services	4,157,489	4,868,187
Community Services	4,416,678	3,759,890
Unallocated Interest on Long-Term Debt	5,679,051	5,965,804
Unallocated Depreciation Expense (a)	-	12,649,334
Loss on Disposal of Capital Assets	18,286	246,664
Total Functions/Program Expenses	368,355,105	365,334,022
Increase (Decrease) in Net Position	1,767,646	(7,253,673)
Net Position - Beginning	421,516,641	424,706,513
Adjustment to Restate Beginning Net Position (see Note II)	(1,927,260)	4,063,801
Net Position - Beginning - Restated	419,589,381	428,770,314
Net Position - Ending	\$ 421,357,027	\$ 421,516,641

(a) Prior to the 2013-14 fiscal year, a significant amount of depreciation expense was unallocated. As a result of software enhancements the District began allocating the depreciation expense to the various functions based on the functional activity during the 2013-14 fiscal year.

Key elements of the change in net position are as follows:

- Property tax revenue declined significantly from the previous year and is attributable to the reduction in property values experienced locally as well as a reduction in the millage rate for the required local effort.
- Grants and contributions not restricted to specific programs increased for the 2013-14 fiscal year by approximately \$18 million due primarily to an increase in State FEFP funding that was attributable to an increase in the base student allocation totaling \$7.8 million and teacher salary allocation of \$7 million.
- Instructional expense increased by \$11,340,429, primarily due to the allocation of \$13,096,503 depreciation expense in the current year. In the previous fiscal year, the majority of depreciation was unallocated.

Major Governmental Funds

General Fund: This fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance is \$11,469,003 while the total fund balance is \$26,083,540. The total fund balance increased by \$9,572,328 during the 2013-14 fiscal year. The increase in fund balance is primarily due to an increase of approximately \$20 million in State FEFP revenue. The fund balance remains above the level set by Board policy which is 3 percent of General Fund revenues.

Special Revenue – Food Service Fund: This fund which accounts for all food service activities, had revenues and expenditures of \$24,073,189 and \$24,339,287, respectively, and ended the fiscal year with a fund balance of \$11,318,346. It should be noted that \$1,067,749 of inventories represents the nonspendable fund balance, while the remaining \$10,250,597 fund balance is restricted for food service operations.

Special Revenue – Federal Economic Stimulus Fund: This fund has total revenues and expenditures of \$1,287,975 each under the Race-to-the-Top program. Expenditures were primarily for salaries and benefits. Because revenues in this fund are recognized to the extent expenditures are incurred, this fund generally does not accumulate a fund balance.

Capital Projects - Local Capital Improvement Fund: This fund has a total fund balance of \$8,491,904 which is restricted for the acquisition, construction, and maintenance of capital assets. Expenditures and other financing sources were for remodeling and renovation, and for transfers for debt service and insurance premium payments and maintenance of District educational facilities.

Capital Projects - Other Capital Projects Fund: This fund has a total fund balance of \$12,822,989. The fund balance decreased by \$4,460,499 due to the District's continuing use of the impact fee, sales tax, and certificates of participation proceeds received in previous fiscal years for purposes of constructing new schools and renovating existing schools.

Proprietary Fund

Unrestricted net position of the Internal Service Fund totaled \$2,282,091 at June 30, 2014, a decrease of \$1,309,115 from the previous fiscal year. Total operating expenses were \$5,971,995 comprised of salaries, employee benefits, purchased services, and insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2013-14 fiscal year, the District amended its General Fund budget several times due primarily to changes in estimated local and Federal through State funding levels and made corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

The District made several management decisions to curtail spending, which resulted in actual expenditures being approximately \$11.9 million less than original budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$543,517,122 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Major capital asset events during the current fiscal year included the following:

- The new Legacy Elementary School was completed at a cost of approximately \$16 million.
- Disposal of portable buildings, equipment, and vehicles totaled \$970,045.
- Depreciation expense totaled \$18,141,623.

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

Long-Term Debt

At June 30, 2014, the District has \$122,237,675 total capital asset-related debt outstanding. This amount is comprised of \$115,075,000 of certificates of participation payable, \$6,966,500 of bonds payable, and \$1,878,871 unamortized premiums, less \$1,682,696 for deferred amounts on refunding.

In June 2014, Moody's Investors Service (Moody's) downgraded the District's certificates of participation rating to A2 from A1. The certificates are secured by annually appropriated lease payments from the School Board (lessee) to the School Board Leasing Corporation (lessor), and are effectively paid from a portion of the District's 1.50 capital outlay millage. Concurrently, Moody's also downgraded the District's issuer rating to A1 from Aa3.

Series 2001A Revenue Bonds were refunded by placing the proceeds of the new Refunding Revenue Bonds, Series 2013, in an irrevocable trust to provide for future debt service payments. Accordingly, the trust account assets and the liability for the in-substance defeased Series 2001A Revenue Bonds are not included in the District's financial statements. As a result, Series 2001A Revenue Bonds totaling \$2,665,000 are considered defeased in substance. Additional information can be found in Note III.K.3. to the financial statements.

Certificates of Participation, Series 2005B, were refunded by placing the proceeds of the new Certificates of Participation, Series 2014, in an irrevocable trust to provide for future debt service payments. Accordingly, the trust account assets and the liability for the in-substance defeased Certificates of Participation, Series 2005B, are not included in the District's financial statements.

As a result, Certificates of Participation, Series 2005B, totaling \$35,335,000 are considered defeased in substance. Additional information can be found in Note III.K.3. to the financial statements.

The Florida Department of Education issued State Board of Education (SBE), Capital Outlay Bonds, Series 2014A, in part, to advance refund SBE Capital Outlay Bonds, Series 2005A. The District's portion of these bonds total \$990,000. The 2014A SBE bonds are considered an economic defeasance rather than a legal defeasance and therefore have not been removed from the financial statements. Additional information can be found in Note III.K.3. to the financial statements.

Other items classified as long-term liabilities, in the government-wide financial statements, include the compensated absences liability totaling \$31,328,099, other postemployment benefits payable in the amount of \$31,332,283, and estimated insurance claims payable totaling \$9,937,803.

Additional information on the District's long-term liabilities can be found in Note III.K. to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

As a part of the State-wide educational funding formula, the District is given operational revenues through State appropriations. The District then aligns expenses to fall within those parameters.

Capital revenues are levied up to capacity based on the needs identified in the District Facilities Work Program to adequately house growth in the student population.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Marion County District School Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of Business Services, School District of Marion County, Florida, 512 SE 3rd Street, Ocala, FL 34471.

MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 57,043,096	\$ 736,501
Cash with Fiscal Agent	1,037,090	-
Investments	19,037,111	47,097
Accounts Receivable	177,979	95,640
Deposits Receivable	140,000	12,658
Due from Other Agencies	5,645,625	-
Inventories	2,994,953	154,756
Prepaid Items	556,360	9,017
Total Current Assets	<u>86,632,214</u>	<u>1,055,669</u>
Noncurrent Assets:		
Investments	535,836	556,382
Assets Held by Others	-	2,305,455
Capital Assets:		
Capital Assets Not Being Depreciated	15,038,052	729,043
Capital Assets Being Depreciated, Net	<u>528,479,070</u>	<u>949,674</u>
Total Noncurrent Assets	<u>544,052,958</u>	<u>4,540,554</u>
Total Assets	<u>630,685,172</u>	<u>5,596,223</u>
Deferred Outflows of Resources		
Deferred Amount on Refunding	<u>1,682,696</u>	<u>-</u>
Liabilities		
Current Liabilities:		
Salaries and Benefits Payable	3,982,741	56,384
Payroll Deductions and Withholdings Payable	2,521,962	-
Accounts Payable	4,899,457	62,406
Construction Contracts Payable	37,088	-
Construction Contracts Payable - Retainage	155,830	-
Accrued Interest Payable	447,230	34,635
Deposits Payable	5,197	1,651
Due to Other Agencies	2,259,857	-
Unearned Revenue	182,923	-
Notes Payable	-	59,341
Total Current Liabilities	<u>14,492,285</u>	<u>214,417</u>
Noncurrent Liabilities:		
Long-term Liabilities:		
Portion Due Within One Year	17,812,681	90,002
Portion Due After One Year	<u>178,705,875</u>	<u>602,787</u>
Total Noncurrent Liabilities	<u>196,518,556</u>	<u>692,789</u>
Total Liabilities	<u>211,010,841</u>	<u>907,206</u>
Net Position		
Net Investment in Capital Assets	421,531,025	1,017,928
Restricted for:		
State Required Carryover Programs	4,422,676	-
Food Service	11,318,346	-
Debt Service	1,116,930	-
Capital Projects	21,685,477	-
Permanent Endowments:		
Expendable	-	2,610,228
Nonexpendable	-	159,360
Other Purposes	-	7,855
Unrestricted (Deficit)	<u>(38,717,427)</u>	<u>893,646</u>
Total Net Position	<u>\$ 421,357,027</u>	<u>\$ 4,689,017</u>

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 204,444,783	\$ 6,448,549	\$ -	\$ -
Student Personnel Services	23,289,985	-	-	-
Instructional Media Services	3,729,590	-	-	-
Instruction and Curriculum Development	5,645,058	-	-	-
Instructional Staff Training Services	7,194,947	-	-	-
Instruction Related Technology	2,229,226	-	-	-
Board of Education	634,052	-	-	-
General Administration	2,316,446	-	-	-
School Administration	17,249,608	-	-	-
Facility Services	3,848,722	-	-	539,517
Fiscal Services	2,464,671	-	-	-
Food Services	23,066,934	3,226,221	20,831,097	-
Central Services	3,987,410	-	-	-
Student Transportation Services	21,274,194	127,208	-	-
Operation of Plant	23,861,211	-	-	-
Maintenance of Plant	8,846,764	-	-	-
Administrative Technology Services	4,157,489	-	-	-
Community Services	4,416,678	-	-	-
Unallocated Interest on Long-term Debt	5,679,051	-	-	1,266,075
Loss on Disposal of Capital Assets	18,286	-	-	-
Total Primary Government	\$ 368,355,105	\$ 9,801,978	\$ 20,831,097	\$ 1,805,592
Component Units				
Charter Schools/Foundation	\$ 3,626,521	\$ 77,324	\$ 1,014,817	\$ 204,296

General Revenues

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Adjustment to Restate Beginning Net Position

Net Position - Beginning, As Restated

Net Position - Ending

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

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government	
Governmental Activities	Component Units
\$ (197,996,234)	\$ -
(23,289,985)	-
(3,729,590)	-
(5,645,058)	-
(7,194,947)	-
(2,229,226)	-
(634,052)	-
(2,316,446)	-
(17,249,608)	-
(3,309,205)	-
(2,464,671)	-
990,384	-
(3,987,410)	-
(21,146,986)	-
(23,861,211)	-
(8,846,764)	-
(4,157,489)	-
(4,416,678)	-
(4,412,976)	-
(18,286)	-
<u>(335,916,438)</u>	<u>-</u>
-	<u>(2,330,084)</u>
86,908,625	-
22,325,029	-
222,724,894	2,635,776
322,748	74,369
5,402,788	-
<u>337,684,084</u>	<u>2,710,145</u>
<u>1,767,646</u>	<u>380,061</u>
421,516,641	4,308,956
(1,927,260)	-
<u>419,589,381</u>	<u>4,308,956</u>
<u>\$ 421,357,027</u>	<u>\$ 4,689,017</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Special Revenue - Federal Economic Stimulus Fund</u>
Assets			
Cash	\$ 31,420,286	\$ 7,734,859	\$ -
Cash with Fiscal Agent	-	-	-
Investments	736,267	2,698,011	-
Accounts Receivable	154,615	7,423	-
Due from Other Agencies	4,103,976	148,365	159,436
Due from Other Funds	119,054	-	-
Inventories	1,927,204	1,067,749	-
Prepaid Items	537,687	-	-
Total Assets	<u>\$ 38,999,089</u>	<u>\$ 11,656,407</u>	<u>\$ 159,436</u>
Liabilities and Fund Balances			
Liabilities			
Salaries and Benefits Payable	\$ 3,845,046	\$ 35,478	\$ 18,028
Payroll Deductions and Withholdings Payable	2,452,599	11,331	4,142
Accounts Payable	4,299,223	260,089	14,647
Construction Contracts Payable	-	-	-
Construction Contracts Payable - Retainage	28,849	7,742	-
Accrued Interest Payable	-	-	-
Deposits Payable	5,197	-	-
Due to Other Agencies	2,101,940	23,421	3,565
Due to Other Funds	-	-	119,054
Unearned Revenue	182,695	-	-
Total Liabilities	<u>12,915,549</u>	<u>338,061</u>	<u>159,436</u>
Fund Balances			
Nonspendable:			
Inventories	1,927,204	1,067,749	-
Prepaid Items	537,687	-	-
Fund B Investments	179,223	-	-
Total Nonspendable Fund Balance	<u>2,644,114</u>	<u>1,067,749</u>	<u>-</u>
Restricted for:			
State Required Carryover Programs	4,422,676	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service Operations	-	10,250,597	-
Total Restricted Fund Balance	<u>4,422,676</u>	<u>10,250,597</u>	<u>-</u>
Assigned for:			
Budget Shortfall 2014-15 Fiscal Year	6,464,579	-	-
Purchase Commitments	1,083,168	-	-
Total Assigned Fund Balance	<u>7,547,747</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	11,469,003	-	-
Total Fund Balances	<u>26,083,540</u>	<u>11,318,346</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 38,999,089</u>	<u>\$ 11,656,407</u>	<u>\$ 159,436</u>

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,266,756	\$ 7,012,310	\$ 1,123,398	\$ 52,557,609
-	-	1,037,090	1,037,090
2,495,759	5,903,927	90,970	11,924,934
-	-	-	162,038
971,256	-	262,592	5,645,625
-	-	-	119,054
-	-	-	2,994,953
-	-	15,303	552,990
<u>\$ 8,733,771</u>	<u>\$ 12,916,237</u>	<u>\$ 2,529,353</u>	<u>\$ 74,994,293</u>
\$ -	\$ -	\$ 81,404	\$ 3,979,956
-	-	53,890	2,521,962
169,887	8,901	77,302	4,830,049
-	37,088	-	37,088
71,980	47,259	-	155,830
-	-	10,454	10,454
-	-	-	5,197
-	-	130,207	2,259,133
-	-	-	119,054
-	-	228	182,923
<u>241,867</u>	<u>93,248</u>	<u>353,485</u>	<u>14,101,646</u>
-	-	-	2,994,953
-	-	15,303	552,990
-	356,613	-	535,836
<u>-</u>	<u>356,613</u>	<u>15,303</u>	<u>4,083,779</u>
-	-	-	4,422,676
-	-	1,553,706	1,553,706
8,491,904	12,466,376	622,162	21,580,442
-	-	-	10,250,597
<u>8,491,904</u>	<u>12,466,376</u>	<u>2,175,868</u>	<u>37,807,421</u>
-	-	-	6,464,579
-	-	-	1,083,168
-	-	-	7,547,747
-	-	(15,303)	11,453,700
<u>8,491,904</u>	<u>12,822,989</u>	<u>2,175,868</u>	<u>60,892,647</u>
<u>\$ 8,733,771</u>	<u>\$ 12,916,237</u>	<u>\$ 2,529,353</u>	<u>\$ 74,994,293</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total Fund Balances - Governmental Funds \$ 60,892,647

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 governmental funds. 543,517,122

The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 2,282,091

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Long-term liabilities and unamortized amounts at year-end consist of:

Certificates of Participation Payable	\$ 115,075,000	
Bonds Payable	6,966,500	
Unamortized Premiums	1,878,871	
Deferred Amount on Refunding	(1,682,696)	
Compensated Absences Payable	31,328,099	
Other Postemployment Benefits Payable	<u>31,332,283</u>	
		(184,898,057)

Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (436,776)

Net Position - Governmental Activities \$ 421,357,027

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

MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Special Revenue - Federal Economic Stimulus Fund</u>
Revenues			
Intergovernmental:			
Federal Direct	\$ 477,767	\$ -	\$ -
Federal Through State and Local	2,832,563	20,428,483	1,287,975
State	189,639,900	358,797	-
Local:			
Property Taxes	86,908,625	-	-
Charges for Services - Food Service	-	3,226,221	-
Other	12,013,624	59,688	-
Total Revenues	<u>291,872,479</u>	<u>24,073,189</u>	<u>1,287,975</u>
Expenditures			
Current - Education:			
Instruction	174,464,389	-	155,075
Student Personnel Services	18,899,755	-	-
Instructional Media Services	3,641,443	-	-
Instruction and Curriculum Development	3,215,687	-	369,325
Instructional Staff Training Services	1,676,632	-	634,437
Instruction Related Technology	1,799,315	-	103,438
Board of Education	627,489	-	-
General Administration	1,186,052	-	1,292
School Administration	16,923,279	-	12,308
Facility Services	1,035,753	-	-
Fiscal Services	2,423,416	-	-
Food Services	-	22,381,865	-
Central Services	3,919,053	-	-
Student Transportation Services	19,278,456	-	-
Operation of Plant	23,531,438	-	-
Maintenance of Plant	8,684,861	-	-
Administrative Technology Services	3,961,669	-	10,000
Community Services	3,109,071	-	-
Capital Outlay:			
Facilities Acquisition and Construction	220,360	451,012	-
Other Capital Outlay	761,312	1,506,410	2,100
Debt Service:			
Retirement of Principal	-	-	-
Interest and Fiscal Charges	130,736	-	-
Total Expenditures	<u>289,490,166</u>	<u>24,339,287</u>	<u>1,287,975</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,382,313</u>	<u>(266,098)</u>	<u>-</u>
Other Financing Sources (Uses)			
Insurance Loss Recoveries	108,571	-	-
Issuance of Refunding Debt	-	-	-
Premium on Refunding Debt	-	-	-
Payments to Refunded Debt Escrow Agent	-	-	-
Transfers In	7,098,108	16,664	-
Transfers Out	(16,664)	-	-
Total Other Financing Sources (Uses)	<u>7,190,015</u>	<u>16,664</u>	<u>-</u>
Net Change in Fund Balances	9,572,328	(249,434)	-
Fund Balances - Beginning	16,511,212	11,567,780	-
Fund Balances - Ending	<u>\$ 26,083,540</u>	<u>\$ 11,318,346</u>	<u>\$ -</u>

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

Capital Projects - Local Capital Improvement Fund	Capital Projects - Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,464,594	\$ 1,942,361
-	-	26,662,459	51,211,480
-	-	2,099,476	192,098,173
22,325,029	-	-	109,233,654
-	-	-	3,226,221
24,401	129,590	36,769	12,264,072
<u>22,349,430</u>	<u>129,590</u>	<u>30,263,298</u>	<u>369,975,961</u>
-	-	14,365,839	188,985,303
-	-	4,115,151	23,014,906
-	-	-	3,641,443
-	-	1,985,320	5,570,332
-	-	4,824,751	7,135,820
-	-	238,404	2,141,157
-	-	-	627,489
-	-	1,103,676	2,291,020
-	-	-	16,935,587
549,879	1,012,199	-	2,597,831
-	-	-	2,423,416
-	-	-	22,381,865
-	-	-	3,919,053
-	-	248,521	19,526,977
-	-	-	23,531,438
-	-	-	8,684,861
-	-	-	3,971,669
-	-	1,275,087	4,384,158
1,706,769	2,176,357	-	4,554,498
-	110,521	102,802	2,483,145
-	-	10,479,000	10,479,000
-	-	5,651,459	5,782,195
<u>2,256,648</u>	<u>3,299,077</u>	<u>44,390,010</u>	<u>365,063,163</u>
<u>20,092,782</u>	<u>(3,169,487)</u>	<u>(14,126,712)</u>	<u>4,912,798</u>
-	-	-	108,571
-	-	41,000,500	41,000,500
-	-	137,879	137,879
-	-	(39,919,642)	(39,919,642)
-	-	14,488,928	21,603,700
(20,091,727)	(1,291,012)	(204,297)	(21,603,700)
<u>(20,091,727)</u>	<u>(1,291,012)</u>	<u>15,503,368</u>	<u>1,327,308</u>
1,055	(4,460,499)	1,376,656	6,240,106
8,490,849	17,283,488	799,212	54,652,541
<u>\$ 8,491,904</u>	<u>\$ 12,822,989</u>	<u>\$ 2,175,868</u>	<u>\$ 60,892,647</u>

**MARION 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, 2014**

Net Change in Fund Balances - Governmental Funds \$ 6,240,106

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

Capital outlays are reported in 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 asset activity in the current period:

Capital Asset Additions	\$	8,579,763	
Depreciation Expense		(18,141,623)	
Loss on Disposal of Capital Assets		(18,286)	
		(9,580,146)	(9,580,146)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal 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 debt activity in the current period:

Debt Payments		10,479,000	
Issuance of Refunding Debt		(41,000,500)	
Deferred Amount on Refunding		1,146,886	
Debt Premiums - New		(137,879)	
Debt Premiums - Old		772,756	
Refunded Debt		38,000,000	9,260,263

Deferred Amount on Refunding is amortized over the life of the debt in the statement of activities, but is reported as an expense in the fund statements. This is the amount of current amortization. (174,218)

Debt premiums are amortized over the life of the debt in the statement of activities, but are reported as other financing sources in the fund statements. This is the amount of current amortization. 161,769

The net decrease in accrued interest on long-term debt is reported in the statement of activities, but not in the fund statements. 115,594

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year. (1,034,813)

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. (1,911,794)

The internal service fund is used by management to charge the cost of certain activities, such as insurance, to individual funds. The net expense of the internal service fund is reported with governmental activities. (1,309,115)

Change in Net Position - Governmental Activities \$ 1,767,646

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014**

	Governmental Activities - Internal Service Fund
Assets	
Current Assets:	
Cash	\$ 4,485,487
Investments	7,648,013
Accounts Receivable	15,941
Deposits Receivable	140,000
Prepaid Items	3,370
Total Assets	12,292,811
Liabilities	
Current Liabilities:	
Salaries and Benefits Payable	2,785
Accounts Payable	69,408
Due to Other Agencies	724
Estimated Insurance Claims Payable	2,740,681
Total Current Liabilities	2,813,598
Noncurrent Liabilities:	
Estimated Insurance Claims Payable	7,197,122
Total Liabilities	10,010,720
Net Position	
Unrestricted	\$ 2,282,091

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Charges for Services	<u>\$ 4,624,655</u>
Operating Expenses	
Salaries	103,189
Employee Benefits	25,051
Purchased Services	3,095,241
Insurance Claims	<u>2,748,514</u>
Total Operating Expenses	<u>5,971,995</u>
Operating Loss	(1,347,340)
Nonoperating Revenue	
Investment Income	<u>38,225</u>
Change in Net Position	(1,309,115)
Net Position - Beginning	<u>3,591,206</u>
Net Position - Ending	<u><u>\$ 2,282,091</u></u>

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$ 4,624,655
Cash Payments to Suppliers for Goods and Services	(3,075,434)
Cash Payments to Employees for Services	(127,843)
Cash Payments for Insurance Claim Payments	(2,084,822)
Cash Received from Other Operating Activities	4,703
Net Cash Used by Operating Activities	(658,741)
Cash Flows from Investing Activities	
Investment Income	38,225
Purchase of Investments	(31,160)
Net Cash Provided by Investing Activities	7,065
Net Decrease in Cash	(651,676)
Cash, Beginning of Year	5,137,163
Cash, End of Year	\$ 4,485,487
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Operating Loss	\$ (1,347,340)
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	8,073
Increase in Prepaid Items	(3,370)
Increase in Salaries and Benefits Payable	308
Increase in Accounts Payable	19,807
Increase in Due to Other Agencies	89
Increase in Estimated Insurance Claims Payable	663,692
Net Cash Used by Operating Activities	\$ (658,741)

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash	\$ -	\$ 4,288,292
Investments	464,918	-
TOTAL ASSETS	\$ 464,918	\$ 4,288,292
LIABILITIES		
Internal Accounts Payable		\$ 4,288,292
NET POSITION		
Held in Trust for Silver River Museum	\$ 464,918	
TOTAL NET POSITION	\$ 464,918	

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Private-Purpose Trust Fund
ADDITIONS	
Investment Earnings:	
Investment Income	\$ 4,164
Increase in Fair Value of Investments	41,250
Total Additions	45,414
 Net Position - Beginning	 419,504
 Net Position - Ending	 \$ 464,918

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Marion 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 Marion County School District (District) is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education, and is governed by State laws 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 Marion 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 primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Marion County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note III.K.1. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation 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.

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

The Marion Charter School, Inc., the McIntosh Area School, Incorporated, and the Francis Marion Military Academy, Inc., are not-for-profit corporations organized pursuant to

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under charters approved by its sponsor, the Marion County District School Board. Although the charter schools do not meet the specific financial accountability criteria, based on the nature and significance of the relationship with the District, they are included as component units to prevent the District's financial statements from being misleading.

The financial data reported on the accompanying statements was derived from the Foundation's and charter schools' audited financial statements for the fiscal year ended June 30, 2014. The audit reports are filed in the District's administrative offices.

B. 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. Likewise, 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 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 is charged to the functional category that initially purchased the related asset.

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 and internal service funds. Separate financial statements are provided for governmental funds, proprietary 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 except for interfund services provided and used.

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 units. Separate statements for each fund category – governmental, proprietary, 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.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Food Service Fund – to account for Federal grants and related program charges for the Food and Nutrition Services program.
- Special Revenue – Federal Economic Stimulus Fund – to account for certain Federal grant program resources related to the American Recovery and Reinvestment Act (ARRA).
- 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, renovation and remodeling projects, and debt service payments on certificates of participation.
- Capital Projects – Other Capital Projects Fund – to account for financial resources primarily generated in prior years from issuances of certificates of participation and collection of impact fees and a voter approved capital outlay sales surtax, to be used for educational capital outlay needs.

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

- Internal Service Fund – to account for the District's individual self-insurance programs.
- Private-Purpose Trust Fund – to account for resources provided for the benefit of the Silver River Museum.
- 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 year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

E. Basis of Accounting

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

MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

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

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

The private-purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

The Foundation is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash is considered to be cash on hand, demand deposits, and cash held with fiscal agent.

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.

The Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

2. Investments

Investments consist of amounts placed in the State Board of Administration (SBA) debt service accounts for investment of debt service moneys, amounts placed with the SBA in Florida PRIME and Fund B Surplus Funds Trust Fund (Fund B) investment pools created by Sections 218.405 and 218.417, Florida Statutes, and those made locally. These investment pools operate 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 are reported at fair value, which is amortized cost.

The District's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 1.84438408 at June 30, 2014. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within Florida PRIME.

The District's investment policy established permitted investments, asset allocation limits and issuer limits, credit rating requirements, and maturity limits to protect the District's cash

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and investment assets. The District maintains a common cash and investment pool for the use of all funds. Earnings are allocated monthly to each fund based on end of month balances.

The District's investments made locally consist of investments in direct obligations of the United States Treasury, Federal instrumentalities, commercial paper, and registered investment companies (money market funds), which are reported at fair value. Authorized investments for endowments include equities, hedged funds, and real estate.

The District has a formal investment policy that allows for the following investments: Local Government Surplus Funds Trust Fund (Florida PRIME), United States Government securities, United States Government agencies, Federal instrumentalities, interest bearing time deposit or saving accounts, repurchase agreements, commercial paper, corporate notes, bankers' acceptances, State and/or local government taxable and/or tax-exempt debt, registered investment companies (mutual funds), mortgage backed securities, short-term bond funds, intergovernmental investment pools, equities, fixed-income securities, inflation hedged funds and other investments permitted by Section 218.415, Florida Statutes.

Types and amounts of investments held at fiscal year-end are described in Note III.B.

3. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories, except those for purchased food, donated foods, certain nonfood supplies, and fuel, are stated at cost on a moving-average basis. Purchased food, nonfood supplies purchased by various food service operations, and fuel inventories are valued at last invoice cost which approximates the first-in, first-out basis. 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**MARION COUNTY DISTRICT SCHOOL BOARD
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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 \$1,000 or more except computer software which are those costing \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	7 - 20 years
Buildings and Fixed Equipment	25 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Motor Vehicles	7 - 12 years
Audio Visual Materials and Computer Software	3 - 5 years

Current year information relative to changes in capital assets is described in Note III.D.

5. Deferred Outflows 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 government only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount 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.

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 are amortized over the life of the bonds and certificates of participation using the effective interest method. Bonds and certificates of participation payable are reported net of the applicable premium.

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In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize debt premiums as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, while debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Changes in long-term liabilities for the current year are reported in Note III.K.

7. 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.

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 and proprietary fund 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).

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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The committed fund balance classification may include amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balance as of June 30, 2014.

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 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.

The District has adopted Board Policy 7.10 which provides that, if feasible, 3 percent of the recurring General Fund revenues be set aside as contingency reserves to cover unforeseen events including, but not limited to, revenue shortfalls and student enrollment under projections. Accordingly, the Board approved assigned amounts within the General Fund for an anticipated budget shortfall in the 2014-15 fiscal year and for purchase commitments.

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department performs certain edit checks on the reported number of FTE and related data, and calculates the allocation of funds to the District. The District is

**MARION COUNTY DISTRICT SCHOOL BOARD
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permitted to amend its original reporting for a period of five months following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. 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 year to be expended for the same educational programs. The Department generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

A schedule of revenue from State sources for the current year is presented in Note III.N.1.

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 Marion County Property Appraiser, and property taxes are collected by the Marion County Tax Collector.

The Board adopted the 2013 tax levy on September 10, 2013. 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 Marion County Tax Collector at fiscal year-end but not yet remitted to the District.

Millages and taxes budgeted for the current year are presented in Note III.N.2.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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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. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's internal service fund are charges for workers' compensation, automobile liability, general liability, and property insurance premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. ACCOUNTING CHANGES

Governmental Accounting Standards Board Statement No. 65. The District implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for the 2013-14 fiscal year. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources and deferred inflows of resources, certain items previously reported as assets and liabilities, respectively. As such, the District decreased the beginning net position by \$1,927,260 to \$419,589,381 in the governmental activities statement of activities for deferred debt issuance charges of previously issued debt, which was previously reported as an asset. This reporting change affects the comparability of amounts reported for the 2013-14 fiscal year with amounts reported for the 2012-13 fiscal year.

III. 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. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

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

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B. Investments

As of June 30, 2014, the District had the following investments and maturities:

Security Type	Duration Year	Credit Rating (4)	Fair Value
<u>Primary Government</u>			
State Board of Administration (SBA):			
Florida PRIME	0.11	AAAm	\$ 2,289,641
Fund B (1)	2.86	Not Rated	535,836
Debt Service Accounts	0.50	AAAm	84,863
U.S. Treasury Notes	2.15	AA+	8,708,631
Federal National Mortgage Association Notes (FNMA)	0.91	AA+	1,293,560
Federal Home Loan Bank Notes (FHLB)	1.68	AA+	882,604
Money Market Funds	n/a	AAAm	3,780,093
Commercial Paper	0.43	A-1	1,997,719
Total Investments, Primary Government			<u>19,572,947</u>
<u>Fiduciary Funds</u>			
Money Market Funds	n/a	AAAm	65,035
Common Stock	n/a	n/a	177,656
Preferred Stock	n/a	n/a	9,108
Fixed Income Securities - Short Term Bond Market	0.60 - 7.64	AAA to Not Rated	213,119
Total Investments, Fiduciary Funds			<u>464,918</u>
<u>Component Units</u>			
Public Education Foundation of Marion County, Inc. (2)			556,382
McIntosh Area School, Incorporated (3)			47,097
Total Investments, Component Units			<u>603,479</u>
Total Investments			<u><u>\$ 20,641,344</u></u>
Presented as Investments in the Financial Statements:			
Governmental Funds			\$ 11,924,934
Proprietary Fund			7,648,013
Fiduciary Funds			464,918
Component Units			603,479
Total Investments			<u><u>\$ 20,641,344</u></u>

Notes: (1) Includes \$107,632 in Fund B held pursuant to a trust agreement in connection with the Certificates of Participation, Series 2005B, financing arrangement.

(2) Information regarding the maturities, risks, and ratings associated with investments in money market funds, bonds, and various equities made by a brokerage firm on behalf of the Public Education Foundation of Marion County, Inc., was not disclosed in the annual post audit of the Foundation filed in the District's administrative offices.

(3) McIntosh Area School, Incorporated, invests idle funds with the SBA. The maturities, risks, and ratings associated with these investments match those of the District.

(4) Credit ratings provided by Standard and Poor's.

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JUNE 30, 2014**

➤ **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds will have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds (core funds) shall have a term appropriate to the need for funds, and in accordance with debt covenants, but should not exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years.

The District utilizes duration as a measurement of interest rate risk and as of June 30, 2014, the investment portfolio had a weighted average duration of 1.72 years.

Florida PRIME had weighted average days to maturity (WAM) of 40 days at June 30, 2014. 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. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB Statement No. 40 (i.e., specific identification, duration, weighted average maturity, segmented time distribution, or simulation model) is not available. An estimate of the weighted average life (WAL) is available. In the calculation of the WAL, the time at which an expected principal amount is to be received, measured in years, is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL, based on expected future cash flows, of Fund B at June 30, 2014, is estimated at 2.86 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the WAL. Participation in Fund B is involuntary.

➤ **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Board policy provides that temporarily idle funds be invested as prescribed by Section 218.415(17), Florida Statutes, and SBE rules. The District's investment policy permits the following investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- Florida PRIME, or any other intergovernmental investment pool, shall be rated AAAm or AAAm-G or better by Standard & Poor's or the equivalent by another rating agency.
- Commercial paper of any United States company that is rated, at the time of purchase, Prime-1 by Moody's Investors Service (Moody's) and A-1 by Standard & Poor's (prime commercial paper).
- Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum Aa by Moody's and a minimum long-term debt rating of AA by Standard & Poor's.
- Bankers' acceptances issued by a domestic bank or a Federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve

**MARION COUNTY DISTRICT SCHOOL BOARD
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System, at the time of purchase, the short-term paper is rated, at a minimum, P-1 by Moody's and A-1 by Standard & Poor's.

- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least Aa by Moody's and AA by Standard & Poor's for long-term debt, or rated at least MIG-1 by Moody's and SP-1 by Standard & Poor's for short-term debt.
- Registered investment companies (money market mutual funds) shall be rated AAAM or AAAM-G or better by Standard & Poor's or the equivalent by another rating agency.
- Bond funds shall be AAA rated or better by Standard & Poor's or the equivalent by another nationally recognized rating agency. Duration shall be no greater than 1.73 years.
- Endowment investments can be invested in domestic equity, international equity, real estate, inflation hedged, and fixed income.

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.

➤ **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 the investment or collateral securities that are in the possession of an outside party. Pursuant to Section 218.415(18), Florida Statutes, the District's investment policy requires securities, with the exception of certificates of deposit, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the District should be properly designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida. Certificates of deposit will be placed in the provider's safekeeping department for the term of the deposit.

As of June 30, 2014, the District's investment portfolio was held with a third-party custodian as required by the District's investment policy. The endowment funds of the Silver River Museum Private-Purpose Trust Fund are held by a bank and trust company.

➤ **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy has established asset allocation and issuer limits on the following investments which are designed to reduce concentration of credit risk of the District's investment portfolio.

A maximum of 25 percent of available funds may be invested in the Florida PRIME, 100 percent of available funds may be invested in the United States Government securities, 50 percent of available funds may be invested in United States Government agencies with a 25 percent limit on individual issuers, 80 percent of available funds may be invested in Federal instrumentalities with a 50 percent limit on individual issuers, 25 percent of available funds may be invested in non-negotiable interest bearing time certificates of

**MARION COUNTY DISTRICT SCHOOL BOARD
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deposit with a 15 percent limit on individual issuers, 50 percent of available funds may be invested in repurchase agreements with a 25 percent limit on individual issuers, 35 percent of available funds may be invested in commercial paper with a 10 percent limit on individual issuers, 15 percent of available funds may be invested in corporate notes with a 5 percent limit on individual issuers, 35 percent of available funds may be invested in bankers' acceptances with a 10 percent limit on individual issuers, 20 percent of available funds may be invested in State and/or local government taxable and/or tax-exempt debt, 75 percent of available funds may be invested in registered investment companies (money market mutual funds) with a 25 percent limit on individual issuers, 20 percent of available funds may be invested in mortgage-backed securities, 25 percent of available funds may be invested in short-term bond funds with a 10 percent limit on individual issuers, and 25 percent of available funds may be invested in intergovernmental investment pools.

More than 5 percent of the primary government's investments are in Federal National Mortgage Association Notes. These investments are 6.6 percent of total investments, and 8.5 percent, 7.7 percent, and 7.6 percent of investments in the Capital Projects – Other Capital Projects Fund, Special Revenue – Food Service Fund, and Internal Service Fund, respectively.

➤ **Endowment Investments**

To achieve the greatest likelihood of meeting endowment investment objectives, the investment assets shall be diversified in accordance with the following asset allocation weightings: domestic equity (20%-40%); international equity (0%-30%); real estate (0%-10%); inflation hedged (10%-80%); and fixed income (10%-80%).

➤ **Foreign Currency Risk**

The District's investment policy does not allow for investments in foreign currency therefore the District has no exposure to foreign currency risk.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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C. Receivables

The majority of receivables are due from other agencies. These receivables and the remaining accounts receivable are considered to be fully collectible. As such, no allowance for uncollectible accounts receivable is accrued. Accounts receivables are actual cash receipts received within 60 days of June 30, 2014, and were susceptible to accrual. Below is a schedule of due from other agencies at June 30, 2014:

<u>Funds/Source</u>	<u>Amount</u>
Major Governmental Funds:	
General:	
United States Department of Defense:	
Junior ROTC	\$ 39,711
State of Florida:	
Medicaid Outreach	139,853
Mobile Home Tax Receipts	3,054
Fuel Tax	15,079
Marion County Tax Collector:	
Unremitted Property Taxes	3,782,251
Other Agencies:	
Early Learning Coalition	106,779
School Districts - FEFP Allocations	17,249
Special Revenue - Food Service:	
Florida Department of Agriculture and Consumer Services:	
Summer Food Service Program	148,365
Special Revenue - Federal Economic Stimulus:	
Florida Department of Education:	
Federal Grant Reimbursements	159,436
Capital Projects - Local Capital Improvement:	
Marion County Tax Collector:	
Unremitted Property Taxes	971,256
Nonmajor Governmental Funds:	
Special Revenue - Other Federal Programs:	
Florida Department of Education:	
Federal Grant Reimbursements	210,335
Other Agencies:	
Grant Reimbursements	52,257
Total Due From Other Agencies	\$ 5,645,625

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

D. Changes in Capital Assets

Changes in capital assets are presented in the table below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 12,165,292	\$ 876,378	\$ -	\$ 13,041,670
Construction in Progress	16,380,586	5,486,991	19,871,195	1,996,382
Total Capital Assets Not Being Depreciated	<u>28,545,878</u>	<u>6,363,369</u>	<u>19,871,195</u>	<u>15,038,052</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	4,675,087	135,088	-	4,810,175
Buildings and Fixed Equipment	664,692,337	19,871,195	23,785	684,539,747
Furniture, Fixtures, and Equipment	34,707,625	1,959,633	120,167	36,547,091
Motor Vehicles	31,766,235	111,417	826,093	31,051,559
Audio Visual Materials and Computer Software	3,737,818	10,256	-	3,748,074
Total Capital Assets Being Depreciated	<u>739,579,102</u>	<u>22,087,589</u>	<u>970,045</u>	<u>760,696,646</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	4,200,853	107,736	-	4,308,589
Buildings and Fixed Equipment	157,510,595	14,241,046	12,368	171,739,273
Furniture, Fixtures, and Equipment	25,656,744	2,205,319	113,298	27,748,765
Motor Vehicles	23,923,535	1,585,051	826,093	24,682,493
Audio Visual Materials and Computer Software	3,735,985	2,471	-	3,738,456
Total Accumulated Depreciation	<u>215,027,712</u>	<u>18,141,623</u>	<u>951,759</u>	<u>232,217,576</u>
Total Capital Assets Being Depreciated, Net	<u>524,551,390</u>	<u>3,945,966</u>	<u>18,286</u>	<u>528,479,070</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 553,097,268</u></u>	<u><u>\$ 10,309,335</u></u>	<u><u>\$ 19,889,481</u></u>	<u><u>\$ 543,517,122</u></u>

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$13,096,503
Student Personnel Services	4,952
Instructional Media Services	29,362
Instruction and Curriculum Development	20,394
Instructional Staff Training Services	20,894
Instruction Related Technology	58,901
General Administration	2,673
School Administration	12,828
Facility Services	2,778,568
Fiscal Services	5,560
Food Services	414,896
Central Services	6,669
Student Transportation Services	1,493,827
Operation of Plant	42,244
Maintenance of Plant	29,667
Administrative Technology Services	123,685
Total Depreciation Expense - Governmental Activities	<u><u>\$18,141,623</u></u>

**MARION COUNTY DISTRICT SCHOOL BOARD
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JUNE 30, 2014**

E. Florida Retirement System

Essentially all regular employees of the District are eligible to enroll as members of the State-administered Florida Retirement System (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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the 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 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 both Plans 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.

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 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.

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 this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2013-14 fiscal year were as follows:

**MARION COUNTY DISTRICT SCHOOL BOARD
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Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS, Regular	3.00	6.95
FRS, Elected County Officers	3.00	33.03
DROP - Applicable to Members from All of the Above Classes	0.00	12.84
FRS, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.20 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.

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

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions including employee contributions for the fiscal year ended June 30, 2012, June 30, 2013, and June 30, 2014, totaled \$15,768,495, \$16,402,701, and \$20,721,914, respectively, which were equal to the required contributions for each fiscal year.

There were 653 District participants in the Investment Plan during the 2013-14 fiscal year. The District's contributions including employee contributions to the Investment Plan totaled \$2,406,942, which was equal to the required contribution for the 2013-14 fiscal year.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Management Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Financial Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877) 377-1737 or (850) 488-5706; by email at rep@dms.myflorida.com; or at the Division's Web site (www.frs.myflorida.com).

F. 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, dental, and vision 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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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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 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 2013-14 fiscal year, 553 retirees received other postemployment benefits. The District provided required contributions of \$1,540,641 toward the annual OPEB cost, net of retiree contributions totaling \$3,148,825, which represents 1.73 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:

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 1,882,462
Amortization of Unfunded Actuarial Accrued Liability	<u>1,619,007</u>
Annual Required Contribution	3,501,469
Interest on Net OPEB Obligation	1,176,820
Adjustment to Annual Required Contribution	<u>(1,225,854)</u>
Annual OPEB Cost (Expense)	3,452,435
Contribution Toward the OPEB Cost	<u>(1,540,641)</u>
Increase in Net OPEB Obligation	1,911,794
Net OPEB Obligation, Beginning of Year	<u>29,420,489</u>
Net OPEB Obligation, End of Year	<u>\$ 31,332,283</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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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, 2014, and the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011-12	\$3,930,484	40.05%	\$26,968,754
2012-13	4,133,967	40.69%	29,420,489
2013-14	3,452,435	44.62%	31,332,283

Funded Status and Funding Progress. As of January 1, 2014, the most recent valuation date, the actuarial accrued liability for benefits was \$38,101,622, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$38,101,622 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$181,922,011, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20.94 percent.

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

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

The District's OPEB actuarial valuation as of January 1, 2014, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2014, and the entry age normal cost actuarial method to estimate the District's 2013-14 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 8.5 percent initially beginning January 1, 2014, reduced annually to an ultimate rate of 5 percent after seven years. The investment rate of return and payroll growth rate include a general price inflation of 3 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, 2014, was 24 years.

G. Net Position - Net Investment in Capital Assets

In the government-wide Statement of Net Position, the difference between total assets and total liabilities is net position. Generally accepted accounting principles require that net position be subdivided into the following three components: Net investment in capital assets, restricted net position, and unrestricted net position.

The composition of net investment in capital assets as of June 30, 2014, is shown in the table below:

Description	Amount
Total Capital Assets, Net of Accumulated Depreciation	\$ 543,517,122
Less related Debt, Net of Unspent Proceeds:	
Certificates of Participation Payable	\$ 115,075,000
Bonds Payable	6,966,500
Unamortized Debt Premiums	1,878,871
Deferred Amount on Refunding	(1,682,696)
Unspent Debt Proceeds	(251,578)
Total Related Debt, Net of Unspent Proceeds	(121,986,097)
Net Investment in Capital Assets	\$ 421,531,025

H. Significant Commitments

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2014:

Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
General	Special Revenue - Food Service	Capital Projects - Local Capital Improvement	Capital Projects - Other Capital Projects		
\$ 1,083,168	\$ 359,203	\$ 894,351	\$ 580,122	\$ 223,741	\$ 3,140,585

**MARION COUNTY DISTRICT SCHOOL BOARD
 NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2014**

I. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation, automobile liability, general liability, property damage, and boiler and machinery coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage of claim amounts above the stated amount on an individual claim basis, and aggregate excess coverage when total claims minus specific excess coverage exceeds the loss fund established annually by the District. Self-insured per occurrence retentions were \$500,000 for workers' compensation, \$300,000 for automobile and general liability, and \$100,000 or 2 percent named windstorm, for property. The District has contracted with an insurance administrator to administer these self-insurance programs, including the processing, investigating, and payment of claims.

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

A liability in the amount of \$9,937,803 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2014.

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

Fiscal Year	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2012-13	\$ 9,177,161	\$ 2,000,808	\$ (1,903,858)	\$ 9,274,111
2013-14	9,274,111	2,748,514	(2,084,822)	9,937,803

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

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

J. Changes in Short-Term Debt

The District issued a \$10,000,000 tax anticipation note on September 19, 2013, at an interest rate of 1 percent. The proceeds from the tax anticipation note were used as a working capital reserve in the General Fund as permitted under State and Federal tax laws. The note was repaid on June 30, 2014. The following is a schedule of changes in short-term debt:

	Beginning Balance	Additions	Deductions	Ending Balance
Tax Anticipation Note	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -

K. Long-Term Liabilities

1. Certificates of Participation

Certificates of participation at June 30, 2014, are as follows:

Series	Amount Outstanding	Interest Rates (Percent)	Lease Term Maturity	Original Amount
Series 2005	\$ 7,455,000	3.500 - 4.125	2023	\$ 9,225,000
Series 2007B	41,240,000	4.091 - 5.000	2027	55,000,000
Series 2009A	8,305,000	3.000 - 4.000	2018	21,420,000
Series 2012	20,695,000	2.550	2023	23,005,000
Series 2014	37,380,000	2.770	2025	37,380,000
Total Certificates of Participation	\$ 115,075,000			\$ 146,030,000

The District entered into financing arrangements, characterized as lease-purchase agreements, with the Marion County School Board Leasing Corporation (Leasing Corporation), whereby the District secured the financing of various educational facilities. The financing was accomplished through the issuance, by the Leasing Corporation to third-party investors, of certificates of participation. All the certificates issued and outstanding are subject to a master ground and facilities lease-purchase agreement between the District and the Leasing Corporation, which ends on the date that all certificates are paid in full. The lease payments, which are used to make debt service payments on the certificates, are payable from funds appropriated annually by the District for such purpose from current funds or other funds legally available. The District is not legally required to annually appropriate funds to make the lease payments.

As a condition of the financing arrangements, the District has given a ground lease on District property acquired with proceeds from the certificates to the Leasing Corporation. 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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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securers of the certificates for a period of time specified by the arrangements which may be up to 30 years from the date of inception of the arrangement.

The District properties included in the various ground leases under these arrangements include:

Certificates	Description of Properties
Series 2005	Saddlewood Elementary School, Refunding 1998
Series 2007B	South Ocala Elementary School, Howard Middle School, Lake Weir High School
Series 2009A	Dunnellon Elementary School, Belleview Middle School, West Port High School, and Saddlewood Elementary School, Refunding 1998A and 1998B
Series 2012	Forest High School Replacement Facility, Partial Refunding 2003
Series 2014	Hammett Bowen, Jr., Elementary School; North Marion Middle School Cafeteria; Vanguard High School Classroom Additions and Cafeteria/Multi-Purpose Building, Refunding 2005B

The lease payments are payable by the District semiannually on June 1 and December 1 for the Certificates of Participation.

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, 2014:

Fiscal Year Ending June 30	Total	Principal	Interest
2015	\$ 14,254,867	\$ 10,060,000	\$ 4,194,867
2016	14,245,801	10,395,000	3,850,801
2017	14,241,537	10,750,000	3,491,537
2018	14,246,349	11,135,000	3,111,349
2019	11,967,665	9,255,000	2,712,665
2020-2024	56,253,232	47,680,000	8,573,232
2025-2027	17,118,976	15,800,000	1,318,976
Total Minimum Lease Payments	<u>\$ 142,328,427</u>	<u>\$ 115,075,000</u>	<u>\$ 27,253,427</u>

2. Bonds Payable

Bonds payable at June 30, 2014, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To	Original Amount
State School Bonds:				
Series 2005A	\$ 1,065,000	4.00 - 5.00	2025	\$ 1,590,000
Series 2005B	110,000	5.00	2016	430,000
Series 2005B, Refunding	480,000	5.00	2018	1,020,000
Series 2009A, Refunding	285,000	5.00	2019	520,000
Series 2010A, Refunding	140,000	4.00 - 5.00	2021	180,000
Series 2011A, Refunding	1,360,000	3.00 - 5.00	2023	2,840,000
Series 2014A, Refunding	895,000	2.00 - 5.00	2025	895,000
District Revenue Bonds:				
Series 2013, Refunding	2,631,500	1.82 - 3.66	2032	2,725,500
Total Bonds Payable	<u>\$ 6,966,500</u>			<u>\$ 10,200,500</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

The various bonds were issued to finance capital outlay projects of the District. The following is a description of the bonded debt issues:

➤ State School Bonds

These bonds are issued by the State 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 also pledged as security for these bonds. Principal and interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration.

➤ District Revenue Bonds

These bonds are authorized by Chapters 80-550 and 89-513, Laws of Florida, which provide that the bonds be secured from the pari-mutuel tax proceeds distributed annually to Marion County from the State's Pari-mutuel Tax Collection Trust Fund pursuant to Chapter 550, Florida Statutes (effective July 1, 2000, tax proceeds were distributed pursuant to Section 212.20(6)(d)7.a., Florida Statutes (2001), now Section 212.20(6)(d)6.a., Florida Statutes (2011)). The annual distribution is remitted by the Florida Department of Financial Services to the District. As required by the bond resolution, the District has established the sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

The District has pledged a total of \$3,588,781 of pari-mutuel tax proceeds in connection with the District Revenue Bonds of 2013, described above. During the 2013-14 fiscal year, the District recognized pari-mutuel tax proceeds totaling \$223,250 and expended \$223,250 (100 percent) of these revenues for debt service directly collateralized by these revenues. The pledged pari-mutuel tax proceeds are committed until final maturity of the debt on December 1, 2031. Approximately 100 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

Annual requirements to amortize all bonded debt outstanding as of June 30, 2014, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2015	\$ 1,954,043	\$ 1,771,000	\$ 183,043
2016	515,990	398,000	117,990
2017	459,550	360,000	99,550
2018	465,300	383,000	82,300
2019	335,150	272,000	63,150
2020-2024	1,182,600	1,041,000	141,600
2025	113,300	110,000	3,300
Total State School Bonds	<u>5,025,933</u>	<u>4,335,000</u>	<u>690,933</u>
District Revenue Bonds:			
2015	202,748	109,000	93,748
2016	198,751	108,500	90,251
2017	199,285	113,000	86,285
2018	199,075	117,000	82,075
2019	198,720	121,000	77,720
2020-2024	997,864	681,000	316,864
2025-2029	996,401	816,000	180,401
2030-2032	595,937	566,000	29,937
Total District Revenue Bonds	<u>3,588,781</u>	<u>2,631,500</u>	<u>957,281</u>
Total	<u>\$ 8,614,714</u>	<u>\$ 6,966,500</u>	<u>\$ 1,648,214</u>

3. Defeased Debt

On August 19, 2013, the Board issued \$2,725,500 in Refunding District Revenue Bonds, Series 2013, with interest of 3.66 percent and 1.82 percent, to advance-refund the District's Refunding and Improvement Revenue Bonds, Series 2001A. The refunding bonds were issued to advance-refund the \$2,665,000 principal amount of the District's Refunding and Improvement Revenue Bonds, Series 2001A, which mature on or after December 1, 2011. The net proceeds of \$2,673,062 (after payment of \$52,437 in other issuance costs) plus an additional \$28,586 of accrued interest were placed in an irrevocable trust to provide for a portion of future debt service payments on the Series 2001A bonds. As a result, \$2,665,000 of the 2001A bonds are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

The Series 2001A bonds were refunded to reduce its total debt service payments over the next 19 years by approximately \$394,370 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$291,244.

On April 7, 2014, the Board issued \$37,380,000 in Certificates of Participation, Series 2014, with interest of 2.77 percent, to advance-refund the District's Certificates of Participation,

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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Series 2005B. The refunding certificates were issued to advance-refund the \$35,335,000 principal amount of the District's Certificates of Participation, Series 2005B, that mature on or after June 1, 2015. The net proceeds of \$37,246,580 (after payment of \$133,420 in issuance costs) were placed in an irrevocable trust to provide for future debt service payments on the Certificates of Participation, Series 2005B. As a result, \$35,335,000 of the Series Certificate of Participation, Series 2005B are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

The Certificates of Participation, Series 2005B, were refunded to reduce its total debt service payments over the next 12 years by approximately \$3,125,065 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,681,218.

On May 22, 2014, the Florida Department of Education issued SBE Capital Outlay Bonds, Series 2014A. The refunding bonds were issued, in part, to advance-refund \$13,735,000 of the SBE Capital Outlay Bonds, Series 2005A. The District's portion of the refunding SBE Capital Outlay Bonds, Series 2014A, was \$895,000. A trust account, established pursuant to the refunding, was not considered to be risk-free in accordance with GASB Statement No. 7. As a result, refunded bonds of \$990,000, representing the District's portion of Series 2005A bonds, were considered an economic defeasance and not a legal defeasance and therefore the bonds were not removed from the government-wide financial statements and are reported as cash with fiscal agent at June 30, 2014.

4. Changes in Long-Term Liabilities and Unamortized Amounts

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Debt and Unamortized Amounts Related to					
Capital Assets:					
Certificates of Participation Payable	\$ 122,335,000	\$ 37,380,000	\$ 44,640,000	\$ 115,075,000	\$ 10,060,000
Bonds Payable	7,185,000	3,620,500	3,839,000	6,966,500	1,880,000
Less Unamortized Amounts:					
Unamortized Premiums	2,675,517	137,879	934,525	1,878,871	-
Deferred Amount on Refunding	(710,028)	(1,146,886)	(174,218)	(1,682,696)	-
Total Capital Asset Related Debt and Unamortized Amounts	131,485,489	39,991,493	49,239,307	122,237,675	11,940,000
Compensated Absences Payable	30,293,286	4,185,170	3,150,357	31,328,099	3,132,000
Other Postemployment Benefits Payable	29,420,489	1,911,794	-	31,332,283	-
Estimated Insurance Claims Payable	9,274,111	2,748,514	2,084,822	9,937,803	2,740,681
Total Governmental Activities	\$ 200,473,375	\$ 48,836,971	\$ 54,474,486	\$ 194,835,860	\$ 17,812,681

For the governmental activities, compensated absences and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with the resources of the Internal Service Fund, as discussed in Note III.I.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

L. 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.

The deficit unassigned fund balance of the Other Governmental Funds represents prepaid items in a nonmajor special revenue fund which does not accumulate a fund balance.

M. 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	\$ 119,054	\$ -
Special Revenue:		
Federal Economic Stimulus	-	119,054
Total	\$ 119,054	\$ 119,054

The receivable in the General Fund was established when paying obligations of the Special Revenue – Federal Economic Stimulus Fund prior to the fund receiving cash from the grantor agency. The amount is expected to be repaid within one year.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

N. Revenues and Expenditures/Expenses

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2013-14 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 139,865,692
Categorical Educational Program - Class Size Reduction	42,824,010
Workforce Development Program	3,921,053
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,590,525
Voluntary Prekindergarten Program	1,184,423
School Recognition	818,142
Discretionary Lottery Funds	394,231
Food Service Supplement	358,797
State License Tax	231,959
Racing Commission Funds	223,250
Charter School Capital Outlay	204,297
Miscellaneous	481,794
Total	<u>\$ 192,098,173</u>

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

2. Property Taxes

The following is a summary of millages and taxes budgeted from the 2013 tax roll for the 2013-14 fiscal year; taxes budgeted are stated at 96 percent of the actual tax roll levy to allow for early payment discounts and uncollectable amounts:

<u>GENERAL FUND</u>	<u>Millages</u>	<u>Taxes Budgeted</u>
Nonvoted School Tax:		
Required Local Effort	5.066	\$ 75,055,512
Required Local Effort - Prior Period Adjustment	0.025	370,373
Basic Discretionary Local Effort	0.748	11,081,587
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvement	1.500	22,222,393
Total	<u>7.339</u>	<u>\$ 108,729,865</u>

O. Donor-Restricted Endowments

The Silver River Museum Endowment was created to provide long-term funding for the continuation and enhancement of educational programs offered through the museum. The initial investment of \$400,000 must be invested for perpetuity and cannot be spent under any

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014**

circumstances. Investments have appreciated to \$464,918 with \$64,918 available for expenditure. The Silver River Museum has sole access to the interest from the endowment.

P. Interfund Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 7,098,108	\$ 16,664
Special Revenue:		
Food Service	16,664	-
Capital Projects:		
Local Capital Improvement	-	20,091,727
Other Capital Projects	-	1,291,012
Nonmajor Governmental	14,488,928	204,297
Total	\$ 21,603,700	\$ 21,603,700

Transfers from the Capital Projects Funds are for payments of principal and interest on certificates of participation and bonds, and to assist in funding maintenance operations of the District. The remaining transfers between funds were operational in nature.

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

The District is involved in various lawsuits arising in the ordinary course of operations. In the opinion of management, the District's estimated aggregate liability with respect to probable losses has been provided for in the estimated claims payable for insurance risks and pending claims in the accompanying financial statements, after giving consideration to the District's related insurance coverage, as well as the Florida statutory limitations of governmental liability on insured risks. It is the opinion of management, in consultation with legal counsel, that the final settlements of these matters will not result in a material adverse effect on the financial position of the District.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Federal Direct:				
Reserve Officers Training Corps	\$ 431,501	\$ 477,767	\$ 477,767	\$ -
Federal Through State:				
Medicaid	2,000,000	2,592,667	2,592,667	-
National Forest Funds	245,000	239,896	239,896	-
Total Federal Through State	<u>2,245,000</u>	<u>2,832,563</u>	<u>2,832,563</u>	<u>-</u>
State:				
Florida Education Finance Program	140,862,032	139,865,692	139,865,692	-
Workforce Development Program	3,558,263	3,921,053	3,921,053	-
Workforce Education Performance Incentive	362,790	82,113	82,113	-
CO&DS Withheld for Administrative Expense	26,000	23,858	23,858	-
Discretionary Lottery Funds	-	394,231	394,231	-
Class Size Reduction - Operating Funds	43,751,752	42,824,010	42,824,010	-
School Recognition Funds	1,235,050	818,142	818,142	-
Voluntary Prekindergarten Program	1,100,000	1,184,423	1,184,423	-
Other State:				
State License Tax	250,000	231,959	231,959	-
Miscellaneous State Revenue	145,893	294,419	294,419	-
Total State	<u>191,291,780</u>	<u>189,639,900</u>	<u>189,639,900</u>	<u>-</u>
Local:				
District School Taxes	86,507,452	86,331,212	86,331,212	-
Tax Redemptions	500,000	577,413	577,413	-
Tuition	-	14,815	14,815	-
Rent	202,087	148,764	148,764	-
Investment Income	200,000	115,529	115,529	-
Net Increase in Fair Value of Investments	-	28,127	28,127	-
Gifts, Grants, and Bequests	-	70,894	70,894	-
Adult General Education Course Fees	76,000	39,788	39,788	-
Postsecondary Vocational Course Fees	844,374	1,044,887	1,044,887	-
Continuing Workforce Education Course Fees	180,960	106,341	106,341	-
Capital Improvement Fees	69,459	53,681	53,681	-
Postsecondary Lab Fees	585,235	730,479	730,479	-
Lifelong Learning Fees	799,835	519,983	519,983	-
General Education Development Testing Fees	53,775	6,721	6,721	-
Financial Aid Fees	102,748	109,149	109,149	-
Other Student Fees	2,500	20,621	20,621	-
School Age Child Care Fees	3,000,000	3,815,298	3,815,298	-
Miscellaneous Local Revenues	3,035,870	5,188,547	5,188,547	-
Total Local	<u>96,160,295</u>	<u>98,922,249</u>	<u>98,922,249</u>	<u>-</u>
Total Revenues	<u>290,128,576</u>	<u>291,872,479</u>	<u>291,872,479</u>	<u>-</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures				
Current Education:				
Instruction:				
Salaries	\$ 125,973,024	\$ 121,471,939	\$ 121,471,939	\$ -
Employee Benefits	30,460,958	31,520,195	31,520,195	-
Purchased Services	15,035,006	13,599,629	13,599,629	-
Energy Services	8,590	14,259	14,259	-
Materials and Supplies	7,331,121	4,922,786	4,922,786	-
Capital Outlay	735,952	1,035,264	1,035,264	-
Other	3,983,420	1,900,317	1,900,317	-
Total Instruction	<u>183,528,071</u>	<u>174,464,389</u>	<u>174,464,389</u>	<u>-</u>
Student Personnel Services:				
Salaries	13,251,279	13,458,850	13,458,850	-
Employee Benefits	3,386,600	3,682,449	3,682,449	-
Purchased Services	1,809,839	1,684,449	1,684,449	-
Energy Services	2,600	3,235	3,235	-
Materials and Supplies	70,212	56,662	56,662	-
Capital Outlay	12,306	9,125	9,125	-
Other	3,600	4,985	4,985	-
Total Student Personnel Services	<u>18,536,436</u>	<u>18,899,755</u>	<u>18,899,755</u>	<u>-</u>
Instructional Media Services:				
Salaries	2,726,011	2,584,374	2,584,374	-
Employee Benefits	623,581	746,470	746,470	-
Purchased Services	81,275	37,027	37,027	-
Energy Services	3,500	2,926	2,926	-
Materials and Supplies	160,762	28,759	28,759	-
Capital Outlay	317,908	241,364	241,364	-
Other	3,500	523	523	-
Total Instructional Media Services	<u>3,916,537</u>	<u>3,641,443</u>	<u>3,641,443</u>	<u>-</u>
Instruction and Curriculum Development:				
Salaries	2,378,337	2,139,128	2,139,128	-
Employee Benefits	434,140	520,805	520,805	-
Purchased Services	354,756	271,340	271,340	-
Energy Services	500	5,530	5,530	-
Materials and Supplies	212,097	41,174	41,174	-
Capital Outlay	42,236	35,471	35,471	-
Other	566,095	202,239	202,239	-
Total Instruction and Curriculum Development	<u>3,988,161</u>	<u>3,215,687</u>	<u>3,215,687</u>	<u>-</u>
Instructional Staff Training Services				
Salaries	1,060,248	914,545	914,545	-
Employee Benefits	170,109	238,669	238,669	-
Purchased Services	357,187	208,896	208,896	-
Energy Services	-	-	-	-
Materials and Supplies	164,069	133,408	133,408	-
Capital Outlay	29,510	33,261	33,261	-
Other	275,604	147,853	147,853	-
Total Instructional Staff Training Services	<u>2,056,727</u>	<u>1,676,632</u>	<u>1,676,632</u>	<u>-</u>
Instruction Related Technology:				
Salaries	1,371,971	1,169,195	1,169,195	-
Employee Benefits	373,828	351,094	351,094	-
Purchased Services	31,353	60,864	60,864	-
Energy Services	7,200	9,814	9,814	-
Materials and Supplies	54,300	17,253	17,253	-
Capital Outlay	146,000	191,020	191,020	-
Other	2,500	75	75	-
Total Instruction Related Technology	<u>1,987,152</u>	<u>1,799,315</u>	<u>1,799,315</u>	<u>-</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Expenditures (continued)	Original Budget	Final Budget	Actual	Variance with Final Budget
Current Education (continued):				
Board of Education:				
Salaries	\$ 181,200	\$ 190,076	\$ 190,076	\$ -
Employee Benefits	254,739	93,497	93,497	-
Purchased Services	370,369	315,635	315,635	-
Materials and Supplies	2,980	2,908	2,908	-
Capital Outlay	220	-	-	-
Other	27,100	25,373	25,373	-
Total Board of Education	836,608	627,489	627,489	-
General Administration:				
Salaries	732,393	793,177	793,177	-
Employee Benefits	308,902	204,077	204,077	-
Purchased Services	143,150	152,850	152,850	-
Materials and Supplies	10,950	3,968	3,968	-
Capital Outlay	3,000	-	-	-
Other	21,250	31,980	31,980	-
Total General Administration	1,219,645	1,186,052	1,186,052	-
School Administration:				
Salaries	13,135,298	13,056,101	13,056,101	-
Employee Benefits	2,622,772	3,424,600	3,424,600	-
Purchased Services	379,850	330,626	330,626	-
Materials and Supplies	117,667	44,373	44,373	-
Capital Outlay	170,698	51,893	51,893	-
Other	13,489	15,686	15,686	-
Total School Administration	16,439,774	16,923,279	16,923,279	-
Facility Services:				
Salaries	-	488,781	488,781	-
Employee Benefits	-	130,216	130,216	-
Purchased Services	-	95,349	95,349	-
Energy Services	-	5,027	5,027	-
Materials and Supplies	-	4,769	4,769	-
Capital Outlay	319,359	311,042	311,042	-
Other	-	569	569	-
Total Facility Services	319,359	1,035,753	1,035,753	-
Fiscal Services:				
Salaries	2,780,702	1,554,839	1,554,839	-
Employee Benefits	405,073	394,864	394,864	-
Purchased Services	481,960	426,552	426,552	-
Energy Services	700	513	513	-
Materials and Supplies	103,843	28,945	28,945	-
Capital Outlay	6,525	8,644	8,644	-
Other	3,585	9,059	9,059	-
Total Fiscal Services	3,782,388	2,423,416	2,423,416	-
Central Services:				
Salaries	2,574,551	2,466,747	2,466,747	-
Employee Benefits	508,084	648,271	648,271	-
Purchased Services	647,288	584,917	584,917	-
Energy Services	28,775	38,340	38,340	-
Materials and Supplies	188,538	119,336	119,336	-
Capital Outlay	36,006	27,363	27,363	-
Other	12,595	34,079	34,079	-
Total Central Services	3,995,837	3,919,053	3,919,053	-

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures (concluded)				
Current Education (concluded):				
Student Transportation Services:				
Salaries	\$ 9,250,470	\$ 10,157,813	\$ 10,157,813	\$ -
Employee Benefits	3,440,559	3,959,648	3,959,648	-
Purchased Services	1,275,547	1,230,945	1,230,945	-
Energy Services	2,826,646	2,893,788	2,893,788	-
Materials and Supplies	1,147,102	974,745	974,745	-
Capital Outlay	46,891	41,461	41,461	-
Other	65,275	20,056	20,056	-
Total Student Transportation Services	<u>18,052,490</u>	<u>19,278,456</u>	<u>19,278,456</u>	<u>-</u>
Operation of Plant:				
Salaries	7,049,005	6,178,731	6,178,731	-
Employee Benefits	2,197,275	2,162,790	2,162,790	-
Purchased Services	7,159,763	6,654,227	6,654,227	-
Energy Services	7,577,484	7,461,020	7,461,020	-
Materials and Supplies	878,939	918,058	918,058	-
Capital Outlay	172,700	76,947	76,947	-
Other	206,014	79,665	79,665	-
Total Operation of Plant	<u>25,241,180</u>	<u>23,531,438</u>	<u>23,531,438</u>	<u>-</u>
Maintenance of Plant:				
Salaries	5,138,381	4,785,638	4,785,638	-
Employee Benefits	1,460,923	1,508,835	1,508,835	-
Purchased Services	1,533,750	981,002	981,002	-
Energy Services	153,000	220,136	220,136	-
Materials and Supplies	1,103,306	1,073,297	1,073,297	-
Capital Outlay	172,350	107,541	107,541	-
Other	11,005	8,412	8,412	-
Total Maintenance of Plant	<u>9,572,715</u>	<u>8,684,861</u>	<u>8,684,861</u>	<u>-</u>
Administrative Technology Services:				
Salaries	1,515,694	1,465,614	1,465,614	-
Employee Benefits	332,842	373,352	373,352	-
Purchased Services	2,341,707	1,960,917	1,960,917	-
Energy Services	3,900	4,815	4,815	-
Materials and Supplies	37,150	25,410	25,410	-
Capital Outlay	76,521	130,077	130,077	-
Other	3,200	1,484	1,484	-
Total Administrative Technology Services	<u>4,311,014</u>	<u>3,961,669</u>	<u>3,961,669</u>	<u>-</u>
Community Services:				
Salaries	2,102,851	2,453,588	2,453,588	-
Employee Benefits	471,961	527,228	527,228	-
Purchased Services	74,400	70,928	70,928	-
Materials and Supplies	56,950	43,956	43,956	-
Capital Outlay	10,500	10,904	10,904	-
Other	-	2,467	2,467	-
Total Community Services	<u>2,716,662</u>	<u>3,109,071</u>	<u>3,109,071</u>	<u>-</u>
Capital Outlay:				
Facility Acquisition and Construction	169,533	220,360	220,360	-
Other Capital Outlay	498,198	761,312	761,312	-
Total Capital Outlay	<u>667,731</u>	<u>981,672</u>	<u>981,672</u>	<u>-</u>
Debt Service:				
Interest and Fiscal Charges	180,000	130,736	130,736	-
Total Expenditures	<u>301,348,487</u>	<u>289,490,166</u>	<u>289,490,166</u>	<u>-</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Concluded)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,219,911)	\$ 2,382,313	\$ 2,382,313	\$ -
Other Financing Sources (Uses)				
Insurance Loss Recoveries	-	108,571	108,571	-
Transfers In	6,972,113	7,098,108	7,098,108	-
Transfers Out	(20,000)	(16,664)	(16,664)	-
Total Other Financing Sources	<u>6,952,113</u>	<u>7,190,015</u>	<u>7,190,015</u>	<u>-</u>
Net Change in Fund Balance	(4,267,798)	9,572,328	9,572,328	-
Fund Balance - Beginning	<u>16,511,212</u>	<u>16,511,212</u>	<u>16,511,212</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 12,243,414</u>	<u>\$ 26,083,540</u>	<u>\$ 26,083,540</u>	<u>\$ -</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - SPECIAL REVENUE FUND - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Federal Through State:				
National School Lunch Act	\$ 11,428,730	\$ 13,095,769	\$ 13,095,748	\$ (21)
School Breakfast Program	4,429,900	4,897,097	4,897,072	(25)
Miscellaneous Federal Revenues	1,044,913	2,435,703	2,435,663	(40)
Total Federal Through State	<u>16,903,543</u>	<u>20,428,569</u>	<u>20,428,483</u>	<u>(86)</u>
State:				
Breakfast Supplement	252,521	177,417	177,396	(21)
School Lunch Supplement	251,876	181,426	181,401	(25)
Total State	<u>504,397</u>	<u>358,843</u>	<u>358,797</u>	<u>(46)</u>
Local:				
Charges for Services - Food Service	5,524,028	3,226,339	3,226,221	(118)
Investment Income	-	15,873	15,871	(2)
Other	-	43,873	43,817	(56)
Total Local	<u>5,524,028</u>	<u>3,286,085</u>	<u>3,285,909</u>	<u>(176)</u>
Total Revenues	<u>22,931,968</u>	<u>24,073,497</u>	<u>24,073,189</u>	<u>(308)</u>
Expenditures				
Current Education:				
Food Services:				
Salaries	6,551,841	6,315,470	6,315,441	29
Employee Benefits	2,342,537	2,301,386	2,301,224	162
Purchased Services	997,137	745,447	745,330	117
Energy Services	508,881	366,916	366,879	37
Materials and Supplies	9,959,618	10,992,239	10,990,681	1,558
Capital Outlay	218,848	698,414	698,316	98
Other	742,475	964,016	963,994	22
Total Food Services	<u>21,321,337</u>	<u>22,383,888</u>	<u>22,381,865</u>	<u>2,023</u>
Capital Outlay:				
Facilities Acquisition and Construction	-	451,012	451,012	-
Other Capital Outlay	525,019	1,506,410	1,506,410	-
Total Capital Outlay	<u>525,019</u>	<u>1,957,422</u>	<u>1,957,422</u>	<u>-</u>
Total Expenditures	<u>21,846,356</u>	<u>24,341,310</u>	<u>24,339,287</u>	<u>2,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,085,612</u>	<u>(267,813)</u>	<u>(266,098)</u>	<u>1,715</u>
Other Financing Sources				
Transfers In	20,000	20,000	16,664	(3,336)
Net Change in Fund Balance	1,105,612	(247,813)	(249,434)	(1,621)
Fund Balance - Beginning	11,567,780	11,567,780	11,567,780	-
Fund Balance - Ending	<u>\$ 12,673,392</u>	<u>\$ 11,319,967</u>	<u>\$ 11,318,346</u>	<u>\$ (1,621)</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - SPECIAL REVENUE FUND - FEDERAL ECONOMIC STIMULUS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Federal Economic Stimulus Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Federal Through State:				
Race to the Top	\$ 545,086	\$ 1,729,700	\$ 1,287,975	\$ (441,725)
Expenditures				
Current Education:				
Instruction:				
Salaries	-	15,817	11,653	4,164
Employee Benefits	-	2,849	1,845	1,004
Purchased Services	44,688	70,614	69,963	651
Materials and Supplies	750	47,525	31,656	15,869
Capital Outlay	-	53,960	39,958	14,002
Other	1,000	-	-	-
Total Instruction	46,438	190,765	155,075	35,690
Instruction and Curriculum Development:				
Salaries	-	83,151	66,480	16,671
Employee Benefits	-	16,640	11,577	5,063
Purchased Services	11,072	10,072	-	10,072
Materials and Supplies	750	1,005	1,005	-
Capital Outlay	-	287,255	287,218	37
Other	-	3,070	3,045	25
Total Instruction and Curriculum Development	11,822	401,193	369,325	31,868
Instructional Staff Training:				
Salaries	250,708	221,887	210,575	11,312
Employee Benefits	101,288	72,573	53,861	18,712
Purchased Services	14,199	287,110	169,982	117,128
Materials and Supplies	-	71,621	44,756	26,865
Capital Outlay	-	4,087	4,087	-
Other	54,777	249,007	151,176	97,831
Total Instructional Staff Training	420,972	906,285	634,437	271,848
Instruction Related Technology:				
Salaries	52,424	54,462	4,461	50,001
Employee Benefits	13,430	13,819	703	13,116
Purchased Services	-	98,275	98,274	1
Total Instruction Related Technology	65,854	166,556	103,438	63,118
General Administration:				
Other	-	3,442	1,292	2,150
School Administration:				
Salaries	-	15,200	7,200	8,000
Employee Benefits	-	2,566	1,191	1,375
Materials and Supplies	-	228	228	-
Capital Outlay	-	3,690	3,689	1
Total School Administration	-	21,684	12,308	9,376
Administrative Technology Services:				
Purchased Services	-	29,775	10,000	19,775
Capital Outlay:				
Other Capital Outlay	-	10,000	2,100	7,900
Total Expenditures	545,086	1,729,700	1,287,975	441,725
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The Schedule of Funding Progress was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2009	\$ -	\$ 63,555,775	\$ 63,555,775	0.00%	\$ 183,748,293	34.59%
1/1/2012	-	42,926,498	42,926,498	0.00%	165,366,095	25.96%
1/1/2014	-	38,101,622	38,101,622	0.00%	181,922,011	20.94%

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

Budgetary Compliance and Accountability

The Board follows procedures established by Florida 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 personnel services, and school administration) and may be amended by resolution at any School Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

Schedule of Funding Progress For Other Postemployment Benefits

Compared to the previous valuation, the Unfunded Actuarial Accrued Liability decreased significantly due to plan changes since the previous valuation was performed. The District replaced some of the more generous plan options available to employees and retirees with more economical plans. In addition, retirees eligible for Federal Medicare benefits are migrating to the Medicare Advantage Plan. The District is also experiencing fewer participants and lower cost.

SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**MARION COUNTY DISTRICT SCHOOL BOARD
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2014**

	<u>Special Revenue</u>	<u>Debt Service</u>	
	<u>Other Federal Programs Fund</u>	<u>State Board of Education COBI Bonds Fund</u>	<u>Other Debt Service Fund</u>
Assets			
Cash	\$ 62,162	\$ -	\$ 439,358
Cash with Fiscal Agent	-	1,037,090	-
Investments	-	84,863	5,823
Due From Other Agencies	262,592	-	-
Prepaid Items	15,303	-	-
Total Assets	<u>\$ 340,057</u>	<u>\$ 1,121,953</u>	<u>\$ 445,181</u>
Liabilities and Fund Balances			
Liabilities			
Salaries and Benefits Payable	\$ 81,404	\$ -	\$ -
Payroll Deductions and Withholdings Payable	53,890	-	-
Accounts Payable	74,328	-	2,974
Accrued Interest Payable	-	10,454	-
Due to Other Agencies	130,207	-	-
Unearned Revenue	228	-	-
Total Liabilities	<u>340,057</u>	<u>10,454</u>	<u>2,974</u>
Fund Balances			
Nonspendable:			
Prepaid Items	15,303	-	-
Restricted for:			
Debt Service	-	1,111,499	442,207
Capital Projects	-	-	-
Total Restricted Fund Balance	-	1,111,499	442,207
Unassigned Fund Balance	(15,303)	-	-
Total Fund Balances	<u>-</u>	<u>1,111,499</u>	<u>442,207</u>
Total Liabilities and Fund Balances	<u>\$ 340,057</u>	<u>\$ 1,121,953</u>	<u>\$ 445,181</u>

Capital Projects		
Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Total
\$ -	\$ 621,878	\$ 1,123,398
-	-	1,037,090
-	284	90,970
-	-	262,592
-	-	15,303
<u>\$ -</u>	<u>\$ 622,162</u>	<u>\$ 2,529,353</u>
\$ -	\$ -	\$ 81,404
-	-	53,890
-	-	77,302
-	-	10,454
-	-	130,207
-	-	228
<u>-</u>	<u>-</u>	<u>353,485</u>
-	-	15,303
-	-	1,553,706
-	622,162	622,162
-	622,162	2,175,868
-	-	(15,303)
-	622,162	2,175,868
<u>\$ -</u>	<u>\$ 622,162</u>	<u>\$ 2,529,353</u>

MARION COUNTY DISTRICT SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	
	Other Federal Programs Fund	State Board of Education COBI Bonds Fund	Other Debt Service Fund
Revenues			
Intergovernmental:			
Federal Direct	\$ 1,464,594	\$ -	\$ -
Federal Through State and Local State	26,662,459 97,584	- 1,266,076	- 223,250
Local:			
Other	34,914	-	1,122
Total Revenues	<u>28,259,551</u>	<u>1,266,076</u>	<u>224,372</u>
Expenditures			
Current Education:			
Instruction	14,365,839	-	-
Student Personnel Services	4,115,151	-	-
Instruction and Curriculum Development	1,985,320	-	-
Instructional Staff Training Services	4,824,751	-	-
Instruction Related Technology	238,404	-	-
General Administration	1,103,676	-	-
Student Transportation Services	248,521	-	-
Community Services	1,275,087	-	-
Capital Outlay:			
Other Capital Outlay	102,802	-	-
Debt Service:			
Retirement of Principal	-	1,080,000	9,399,000
Interest and Fiscal Charges	-	226,901	5,423,668
Total Expenditures	<u>28,259,551</u>	<u>1,306,901</u>	<u>14,822,668</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(40,825)</u>	<u>(14,598,296)</u>
Other Financing Sources (Uses)			
Issuance of Refunding Debt	-	895,000	40,105,500
Premium on Refunding Debt	-	137,879	-
Payment to Refunded Debt Escrow Agent	-	-	(39,919,642)
Transfers In	-	-	14,488,928
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,032,879</u>	<u>14,674,786</u>
Net Change in Fund Balances	<u>-</u>	<u>992,054</u>	<u>76,490</u>
Fund Balances - Beginning	<u>-</u>	<u>119,445</u>	<u>365,717</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 1,111,499</u>	<u>\$ 442,207</u>

Capital Projects		
Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Total
\$ -	\$ -	\$ 1,464,594
-	-	26,662,459
204,297	308,269	2,099,476
-	733	36,769
<u>204,297</u>	<u>309,002</u>	<u>30,263,298</u>
-	-	14,365,839
-	-	4,115,151
-	-	1,985,320
-	-	4,824,751
-	-	238,404
-	-	1,103,676
-	-	248,521
-	-	1,275,087
-	-	102,802
-	-	10,479,000
-	890	5,651,459
<u>-</u>	<u>890</u>	<u>44,390,010</u>
<u>204,297</u>	<u>308,112</u>	<u>(14,126,712)</u>
-	-	41,000,500
-	-	137,879
-	-	(39,919,642)
-	-	14,488,928
(204,297)	-	(204,297)
<u>(204,297)</u>	<u>-</u>	<u>15,503,368</u>
-	308,112	1,376,656
-	314,050	799,212
<u>\$ -</u>	<u>\$ 622,162</u>	<u>\$ 2,175,868</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Other Federal Programs Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Federal Direct			
Miscellaneous Federal	\$ 1,698,060	\$ 1,464,594	\$ (233,466)
Federal Through State			
Vocational Education	524,050	482,454	(41,596)
Improving Teacher Quality	2,883,211	1,603,013	(1,280,198)
Special Education	13,075,175	10,373,527	(2,701,648)
ESEA Title I	17,279,692	12,505,162	(4,774,530)
Adult General Education	618,100	523,521	(94,579)
Other Federal Through State	1,539,777	1,174,782	(364,995)
Total Federal Through State	<u>35,920,005</u>	<u>26,662,459</u>	<u>(9,257,546)</u>
State			
Miscellaneous State	105,153	97,584	(7,569)
Local			
Miscellaneous Local	-	34,914	34,914
Total Revenues	<u>37,723,218</u>	<u>28,259,551</u>	<u>(9,463,667)</u>
Expenditures			
Current Education:			
Instruction:			
Salaries	8,666,475	7,895,134	771,341
Employee Benefits	3,616,941	2,893,766	723,175
Purchased Services	3,710,875	2,375,175	1,335,700
Materials and Supplies	2,055,697	779,058	1,276,639
Capital Outlay	667,095	320,216	346,879
Other	155,363	102,490	52,873
Total Instruction	<u>18,872,446</u>	<u>14,365,839</u>	<u>4,506,607</u>
Student Personnel Services:			
Salaries	3,261,026	3,035,516	225,510
Employee Benefits	1,138,449	805,935	332,514
Purchased Services	209,631	138,982	70,649
Energy Services	2,148	2,148	-
Materials and Supplies	168,952	102,162	66,790
Capital Outlay	129,428	25,728	103,700
Other	6,561	4,680	1,881
Total Student Personnel Services	<u>4,916,195</u>	<u>4,115,151</u>	<u>801,044</u>

MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Concluded)

	Other Federal Programs Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures (concluded)			
Current Education (concluded):			
Instruction and Curriculum Development:			
Salaries	\$ 1,635,332	\$ 1,350,216	\$ 285,116
Employee Benefits	423,525	342,873	80,652
Purchased Services	215,866	142,652	73,214
Materials and Supplies	90,457	67,081	23,376
Capital Outlay	54,047	26,856	27,191
Other	96,252	55,642	40,610
Total Instruction and Curriculum Development	<u>2,515,479</u>	<u>1,985,320</u>	<u>530,159</u>
Instructional Staff Training Services			
Salaries	3,852,237	3,527,580	324,657
Employee Benefits	1,088,998	847,978	241,020
Purchased Services	1,380,151	305,658	1,074,493
Materials and Supplies	150,890	35,574	115,316
Capital Outlay	33,629	2,479	31,150
Other	785,354	105,482	679,872
Total Instructional Staff Training Services	<u>7,291,259</u>	<u>4,824,751</u>	<u>2,466,508</u>
Instruction Related Technology:			
Purchased Services	261,911	221,911	40,000
Materials and Supplies	11,684	11,683	1
Capital Outlay	4,810	4,810	-
Total Instruction Related Technology	<u>278,405</u>	<u>238,404</u>	<u>40,001</u>
General Administration:			
Other	1,449,611	1,103,676	345,935
Facility Services:			
Capital Outlay	117,741	-	117,741
Student Transportation Services:			
Salaries	166,805	76,102	90,703
Employee Benefits	33,984	13,551	20,433
Purchased Services	12,198	11,895	303
Energy Services	187,013	146,973	40,040
Total Student Transportation Services	<u>400,000</u>	<u>248,521</u>	<u>151,479</u>
Community Services:			
Salaries	2,382	1,849	533
Employee Benefits	391	290	101
Materials and Supplies	1,727	1,601	126
Other	1,500,000	1,271,347	228,653
Total Community Services	<u>1,504,500</u>	<u>1,275,087</u>	<u>229,413</u>
Capital Outlay:			
Other Capital Outlay	377,582	102,802	274,780
Total Expenditures	<u>37,723,218</u>	<u>28,259,551</u>	<u>9,463,667</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>State Board of Education COBI Bonds Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
State:			
Debt Service for State Board of Education/COBI Bonds	\$ 1,266,020	\$ 1,266,020	\$ -
State Board of Education/COBI Bond Interest	56	56	-
Total Revenues	<u>1,266,076</u>	<u>1,266,076</u>	<u>-</u>
Expenditures			
Debt Service:			
Retirement of Principal	1,080,000	1,080,000	-
Interest and Fiscal Charges	226,901	226,901	-
Total Expenditures	<u>1,306,901</u>	<u>1,306,901</u>	<u>-</u>
(Deficiency) of Revenues Over Expenditures	<u>(40,825)</u>	<u>(40,825)</u>	<u>-</u>
Other Financing Sources			
Issuance of Refunding Debt	895,000	895,000	-
Premium on Refunding Debt	137,879	137,879	-
Total Other Financing Sources	<u>1,032,879</u>	<u>1,032,879</u>	<u>-</u>
Net Change in Fund Balance	992,054	992,054	-
Fund Balance - Beginning	<u>119,445</u>	<u>119,445</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 1,111,499</u></u>	<u><u>\$ 1,111,499</u></u>	<u><u>\$ -</u></u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Other Debt Service Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
State:			
Racing Commission Funds	\$ 223,250	\$ 223,250	\$ -
Local:			
Investment Income	1,251	1,122	(129)
Total Revenues	<u>224,501</u>	<u>224,372</u>	<u>(129)</u>
Expenditures			
Debt Service:			
Retirement of Principal	9,399,000	9,399,000	-
Interest and Fiscal Charges	5,423,872	5,423,668	204
Total Expenditures	<u>14,822,872</u>	<u>14,822,668</u>	<u>204</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,598,371)</u>	<u>(14,598,296)</u>	<u>75</u>
Other Financing Sources (Uses)			
Issuance of Refunding Debt	40,105,500	40,105,500	-
Payment to Refunded Debt Escrow Agent	(39,919,643)	(39,919,642)	1
Transfers in	14,592,061	14,488,928	(103,133)
Total Other Financing Sources	<u>14,777,918</u>	<u>14,674,786</u>	<u>(103,132)</u>
Net Change in Fund Balance	179,547	76,490	(103,057)
Fund Balance - Beginning	<u>365,717</u>	<u>365,717</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 545,264</u>	<u>\$ 442,207</u>	<u>\$ (103,057)</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Public Education Capital Outlay Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
State:			
Charter School Capital Outlay Funding	\$ 204,297	\$ 204,297	\$ -
Other Financing Uses			
Transfers Out	(204,297)	(204,297)	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Capital Outlay and Debt Service Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
State:			
Capital Outlay/Debt Service Distributed	\$ 300,647	\$ 300,647	\$ -
Interest on Undistributed Capital Outlay and Debt Service	7,622	7,622	-
Total State	<u>308,269</u>	<u>308,269</u>	<u>-</u>
Local:			
Investment Income	736	733	(3)
Total Revenues	<u>309,005</u>	<u>309,002</u>	<u>(3)</u>
Expenditures			
Capital Outlay:			
Facilities Acquisition and Construction:			
Remodeling and Renovation	622,164	-	622,164
Debt Service:			
Interest and Fiscal Charges	891	890	1
Total Expenditures	<u>623,055</u>	<u>890</u>	<u>622,165</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(314,050)</u>	<u>308,112</u>	<u>622,162</u>
Net Change in Fund Balance	(314,050)	308,112	622,162
Fund Balance - Beginning	314,050	314,050	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 622,162</u>	<u>\$ 622,162</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Local Capital Improvement Fund</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues				
Local:				
District Local Capital Improvement Tax	\$ 22,222,393	\$ 22,325,030	\$ 22,325,029	\$ (1)
Investment Income	-	26,066	24,391	(1,675)
Other Miscellaneous Local	-	10	10	-
Total Revenues	<u>22,222,393</u>	<u>22,351,106</u>	<u>22,349,430</u>	<u>(1,676)</u>
Expenditures				
Current Education:				
Facility Services	3,639,925	3,575,006	549,879	3,025,127
Capital Outlay:				
Facilities Acquisition and Construction:				
Improvements Other than Buildings	193,402	193,402	135,144	58,258
Remodeling and Renovations	6,066,923	6,052,715	1,571,625	4,481,090
Total Expenditures	<u>9,900,250</u>	<u>9,821,123</u>	<u>2,256,648</u>	<u>7,564,475</u>
Excess of Revenues Over Expenditures	<u>12,322,143</u>	<u>12,529,983</u>	<u>20,092,782</u>	<u>7,562,799</u>
Other Financing Uses				
Transfers Out	<u>(20,812,992)</u>	<u>(20,091,726)</u>	<u>(20,091,727)</u>	<u>(1)</u>
Net Change in Fund Balance	(8,490,849)	(7,561,743)	1,055	7,562,798
Fund Balance - Beginning	8,490,849	8,490,849	8,490,849	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 929,106</u>	<u>\$ 8,491,904</u>	<u>\$ 7,562,798</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Other Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Local:				
Investment Income	\$ -	\$ 104,619	\$ 102,571	\$ (2,048)
Other Local Revenues	-	27,019	27,019	-
Total Revenues	<u>-</u>	<u>131,638</u>	<u>129,590</u>	<u>(2,048)</u>
Expenditures				
Current Education:				
Facility Services	839,092	1,101,168	1,012,199	88,969
Capital Outlay:				
Facilities Acquisition and Construction:				
Buildings and Fixed Equipment	5,313,806	4,007,879	489,923	3,517,956
Land	33,230	843,660	843,419	241
Remodeling and Renovations	-	155,000	151,215	3,785
Improvements Other Than Buildings	-	1,108,400	691,800	416,600
Total Facilities Acquisition and Construction	<u>5,347,036</u>	<u>6,114,939</u>	<u>2,176,357</u>	<u>3,938,582</u>
Other Capital Outlay:				
Audio-Visual Materials and Computer Software	-	2,700	2,698	2
Furniture, Fixtures and Equipment	-	117,533	104,628	12,905
Motor Vehicles	-	3,200	3,195	5
Total Other Capital Outlay	<u>-</u>	<u>123,433</u>	<u>110,521</u>	<u>12,912</u>
Total Expenditures	<u>6,186,128</u>	<u>7,339,540</u>	<u>3,299,077</u>	<u>4,040,463</u>
Deficiency of Revenues Over Expenditures	<u>(6,186,128)</u>	<u>(7,207,902)</u>	<u>(3,169,487)</u>	<u>4,038,415</u>
Other Financing Uses				
Transfers Out	(619,707)	(1,291,013)	(1,291,012)	1
Net Change in Fund Balance	(6,805,835)	(8,498,915)	(4,460,499)	4,038,416
Fund Balance - Beginning	17,283,488	17,283,488	17,283,488	-
Fund Balance - Ending	<u>\$ 10,477,653</u>	<u>\$ 8,784,573</u>	<u>\$ 12,822,989</u>	<u>\$ 4,038,416</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Internal Accounts - Student Activity Funds				
	July 1, 2013	Additions	Deletions	June 30, 2014
Assets				
Cash	\$ 4,199,997	\$ 12,200,236	\$ 12,111,941	\$ 4,288,292
 Liabilities				
Internal Accounts Payable	\$ 4,199,997	\$ 12,200,236	\$ 12,111,941	\$ 4,288,292

NONMAJOR COMPONENT UNITS

Foundation

Public Education Foundation of Marion County, Inc.

Charter Schools

Marion Charter School, Inc.
McIntosh Area Charter School, Incorporated
Francis Marion Military Academy, Inc.

**MARION COUNTY DISTRICT SCHOOL BOARD
NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014**

	Public Education Foundation of Marion County, Inc.	Marion Charter School, Inc.	McIntosh Area Charter School, Incorporated	Francis Marion Military Academy, Inc.	Total
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 392,398	\$ 246,563	\$ 92,485	\$ 5,055	\$ 736,501
Investments	-	-	47,097	-	47,097
Accounts Receivable	67,954	7,286	-	20,400	95,640
Deposits Receivable	-	1,600	11,058	-	12,658
Inventories	154,756	-	-	-	154,756
Prepaid Items	5,910	1,736	1,371	-	9,017
Total Current Assets	621,018	257,185	152,011	25,455	1,055,669
Noncurrent Assets:					
Investments	556,382	-	-	-	556,382
Assets Held by Others	2,305,455	-	-	-	2,305,455
Capital Assets Not Being Depreciated	-	248,319	116,514	364,210	729,043
Capital Assets Being Depreciated, Net	3,057	500,507	362,273	83,837	949,674
Total Noncurrent Assets	2,864,894	748,826	478,787	448,047	4,540,554
Total Assets	3,485,912	1,006,011	630,798	473,502	5,596,223
Liabilities					
Current Liabilities:					
Salaries and Benefits Payable	-	-	20,136	36,248	56,384
Accounts Payable	23,987	12,626	3,514	22,279	62,406
Accrued Interest Payable	-	-	-	34,635	34,635
Deposits Payable	1,651	-	-	-	1,651
Notes Payable	-	-	-	59,341	59,341
Total Current Liabilities	25,638	12,626	23,650	152,503	214,417
Noncurrent Liabilities:					
Portion Due Within One Year	-	51,630	14,111	24,261	90,002
Portion Due After One Year	-	217,417	49,873	335,497	602,787
Total Noncurrent Liabilities	-	269,047	63,984	359,758	692,789
Total Liabilities	25,638	281,673	87,634	512,261	907,206
Net Position					
Net Investment in Capital Assets	3,057	479,779	414,803	120,289	1,017,928
Restricted for:					
Permanent Endowments:					
Expendable	2,610,228	-	-	-	2,610,228
Nonexpendable	159,360	-	-	-	159,360
Other Purposes	-	7,855	-	-	7,855
Unrestricted (Deficit)	687,629	236,704	128,361	(159,048)	893,646
Total Net Position	\$ 3,460,274	\$ 724,338	\$ 543,164	\$ (38,759)	\$ 4,689,017

**MARION COUNTY DISTRICT SCHOOL BOARD
NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Program Revenue</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Nonmajor Component Units				
Governmental Activities				
Public Education Foundation of Marion County, Inc.:				
Community Services	\$ 961,742	\$ -	\$ 1,014,817	\$ -
Marion Charter School, Inc.:				
Instruction	748,730	10,164	-	-
Instructional Support Services	61,258	-	-	-
General Administration	346,483	-	-	64,485
Community Services	32,202	36,398	-	-
Unallocated Interest on Long-term Debt	14,846	-	-	14,846
Total Marion Charter School, Inc.	<u>1,203,519</u>	<u>46,562</u>	<u>-</u>	<u>79,331</u>
McIntosh Area Charter School, Incorporated:				
Instruction	291,793	851	-	-
Instructional Support Services	1,198	-	-	-
General Administration	200,922	-	-	30,522
Maintenance of Plant	9,449	-	-	-
Community Services	24,966	11,681	-	-
Unallocated Interest on Long-term Debt	4,293	-	-	4,293
Total McIntosh Area Charter School, Incorporated	<u>532,621</u>	<u>12,532</u>	<u>-</u>	<u>34,815</u>
Francis Marion Military Academy, Inc.:				
Instruction	534,645	18,230	-	-
General Administration	344,778	-	-	67,016
Maintenance of Plant	8,321	-	-	-
Community Services	17,761	-	-	-
Unallocated Interest on Long-term Debt	23,134	-	-	23,134
Total Francis Marion Military Academy, Inc.	<u>928,639</u>	<u>18,230</u>	<u>-</u>	<u>90,150</u>
Total Nonmajor Component Units	<u><u>\$ 3,626,521</u></u>	<u><u>\$ 77,324</u></u>	<u><u>\$ 1,014,817</u></u>	<u><u>\$ 204,296</u></u>

General Revenues

Grants and Contributions Not Restricted
To Specific Programs
Unrestricted Investment Earnings

Total General Revenues

Change in Net Position
Net Position - Beginning
Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

Component Units				
Public Education Foundation of Marion County, Inc.	Marion Charter School, Inc.	McIntosh Area Charter School, Incorporated	Francis Marion Military Academy, Inc.	Total
\$ 53,075	\$ -	\$ -	\$ -	\$ 53,075
-	(738,566)	-	-	(738,566)
-	(61,258)	-	-	(61,258)
-	(281,998)	-	-	(281,998)
-	4,196	-	-	4,196
-	-	-	-	-
-	(1,077,626)	-	-	(1,077,626)
-	-	(290,942)	-	(290,942)
-	-	(1,198)	-	(1,198)
-	-	(170,400)	-	(170,400)
-	-	(9,449)	-	(9,449)
-	-	(13,285)	-	(13,285)
-	-	-	-	-
-	-	(485,274)	-	(485,274)
-	-	-	(516,415)	(516,415)
-	-	-	(277,762)	(277,762)
-	-	-	(8,321)	(8,321)
-	-	-	(17,761)	(17,761)
-	-	-	-	23,134
-	-	-	(820,259)	(820,259)
53,075	(1,077,626)	(485,274)	(820,259)	(2,330,084)
-	1,236,152	536,153	863,471	2,635,776
74,294	2	73	-	74,369
74,294	1,236,154	536,226	863,471	2,710,145
127,369	158,528	50,952	43,212	380,061
3,332,905	565,810	492,212	(81,971)	4,308,956
\$ 3,460,274	\$ 724,338	\$ 543,164	\$ (38,759)	\$ 4,689,017

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**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

This part of the Marion County District School Board's Comprehensive Annual Financial Report presents detailed information as a context for understanding what information in the financial statements, note disclosures, required and supplementary information says about the School Board's overall financial health.

CONTENTS

	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	82
Revenue Capacity These schedules present information to help the reader assess the District's most significant local revenue sources, which is property taxes.	87
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	93
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	98
Operating Information These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	100

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

MARION COUNTY DISTRICT SCHOOL BOARD
NET POSITION BY COMPONENT - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

Table 1

	Fiscal Year Ending June 30:									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 215,096,627	\$ 238,439,142	\$ 304,419,959	\$ 341,762,148	\$ 361,414,395	\$ 385,274,585	\$ 397,845,050	\$ 401,984,084	\$ 424,639,560	\$ 421,531,025
Restricted	45,063,291	58,819,626	74,133,587	89,525,923	112,533,192	100,747,187	76,016,201	61,243,195	39,563,126	38,543,429
Unrestricted (Deficit)	<u>(3,731,879)</u>	<u>(2,141,534)</u>	<u>(4,211,094)</u>	<u>(7,254,735)</u>	<u>(26,496,521)</u>	<u>(28,893,693)</u>	<u>(31,610,672)</u>	<u>(38,520,766)</u>	<u>(42,686,045)</u>	<u>(38,717,427)</u>
Total Governmental Net Position	<u>\$ 256,428,039</u>	<u>\$ 295,117,234</u>	<u>\$ 374,342,452</u>	<u>\$ 424,033,336</u>	<u>\$ 447,451,066</u>	<u>\$ 457,128,079</u>	<u>\$ 442,250,579</u>	<u>\$ 424,706,513</u>	<u>\$ 421,516,641</u>	<u>\$ 421,357,027</u>

Source: Marion County District School Board, Finance Department Records

MARION COUNTY DISTRICT SCHOOL BOARD
CHANGES IN NET POSITION - GOVERNMENT-WIDE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

Table 2

	Fiscal Year Ending June 30:									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Functions/Program Expenses:										
Instruction	\$ 162,326,079	\$ 168,086,386	\$ 192,867,939	\$ 209,504,540	\$ 200,716,797	\$ 207,738,856	\$ 212,253,161	\$ 195,573,215	\$ 193,104,354	\$ 204,444,783
Student Personnel Services	18,579,560	19,603,682	21,672,610	24,166,357	23,670,282	24,231,179	24,133,279	22,098,150	22,318,281	23,289,985
Instructional Media Services	4,551,663	4,851,459	5,291,431	5,543,724	5,087,765	4,840,227	4,977,843	4,265,084	4,085,164	3,729,590
Instruction and Curriculum Developmen	6,710,440	6,331,654	7,048,331	7,977,806	7,375,377	6,923,344	7,700,687	7,019,856	6,273,460	5,645,058
Instructional Staff Training Services	4,924,073	5,821,908	6,150,737	5,512,266	6,990,939	8,053,287	9,080,596	7,872,397	7,165,977	7,194,947
Instruction Related Technology	-	1,918,996	2,283,275	2,542,527	2,317,596	2,678,244	2,794,199	2,246,830	2,089,873	2,229,252
Board of Education	693,991	726,003	839,764	633,551	621,036	576,161	660,329	609,104	610,546	634,026
General Administration	1,756,581	2,138,444	2,285,407	2,143,608	2,084,111	3,243,177	3,301,514	2,235,331	2,357,108	2,316,446
School Administration	15,197,730	15,977,416	17,841,733	18,696,988	18,185,673	18,305,607	18,642,721	16,562,768	17,063,273	17,249,608
Facility Services	15,617,642	15,686,676	10,543,899	12,931,761	9,725,266	10,439,477	16,456,978	9,623,561	4,411,906	3,848,722
Fiscal Services	2,300,149	2,157,156	2,698,021	2,736,896	2,518,283	2,668,741	2,750,245	2,509,716	2,528,497	2,464,671
Food Services	15,505,789	16,516,657	17,397,012	19,280,277	20,124,044	20,228,293	20,559,098	21,649,060	22,368,022	23,066,934
Central Services	6,617,873	4,647,314	4,809,401	4,893,471	4,456,886	4,299,653	4,407,750	3,973,337	3,819,998	3,987,410
Student Transportation Services	19,924,221	21,926,006	22,588,074	25,390,210	21,091,291	19,758,533	20,334,725	18,990,431	18,604,907	21,274,194
Operation of Plant	18,202,279	20,492,746	23,957,644	27,357,197	27,818,480	26,984,427	26,997,233	23,026,130	22,464,976	23,861,211
Maintenance of Plant	10,072,163	9,472,811	10,477,455	11,298,938	10,839,742	9,314,330	9,848,470	8,982,975	8,577,801	8,846,764
Administrative Technology Services	-	3,578,836	3,866,119	4,336,244	4,387,626	4,356,504	4,559,778	3,985,071	4,868,187	4,157,489
Community Services	2,315,573	2,359,477	2,923,540	3,475,705	3,681,787	3,914,444	4,224,491	3,818,043	3,759,890	4,416,678
Unallocated Interest on Long-term Deb	4,022,775	5,216,358	5,812,574	8,424,083	8,065,434	7,525,224	7,131,032	7,020,315	5,965,804	5,679,051
Unallocated Depreciation Expense (a)	6,138,141	6,844,963	6,932,916	8,024,189	10,126,994	10,361,493	10,543,476	12,299,937	12,649,334	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	246,664	18,286
Total Functions/Program Expenditures	315,456,722	334,354,948	368,287,882	404,870,338	389,885,409	396,441,201	411,357,605	374,361,311	365,334,022	368,355,105
Program Revenues:										
Charges for Services:										
Instruction	3,391,420	3,647,948	4,387,090	4,894,294	5,163,169	5,531,573	5,216,738	5,393,459	6,640,861	6,448,549
Food Services	4,690,282	5,394,058	5,627,409	5,662,999	5,398,770	4,931,558	4,747,902	4,586,357	4,394,926	3,226,221
Student Transportation Services	198,885	263,145	209,175	323,601	335,932	312,460	238,274	153,100	146,869	127,208
Operating Grants and Contributions										
Food Services	10,734,224	11,167,544	12,701,597	13,639,524	15,149,055	16,861,818	17,528,387	18,524,571	19,095,554	20,831,097
Student Transportation Services	9,987,021	10,635,283	10,666,279	11,467,327	10,517,358	-	-	-	-	-
Capital Grants and Contributions										
Facility Services	4,094,223	9,424,797	32,252,115	20,125,293	5,853,001	8,051,663	302,732	292,553	450,199	539,517
Maintenance of Plant	-	-	-	-	-	814,191	2,298,626	-	-	-
Unallocated Interest on Long-term Deb	1,342,964	1,461,877	1,448,476	1,247,550	1,246,755	1,253,179	1,268,967	1,285,599	1,273,182	1,266,075
Total Functions/Program Expense	34,439,019	41,994,652	67,292,141	57,360,588	43,664,040	37,756,442	31,601,626	30,235,639	32,001,591	32,438,667
Net Expense	281,017,703	292,360,296	300,995,741	347,509,750	346,221,369	358,684,759	379,755,979	344,125,672	333,332,431	335,916,438
General Revenues:										
Property Taxes Levied for:										
Operational Purposes	68,729,998	76,319,716	99,928,192	119,479,605	124,589,357	116,423,617	104,543,105	99,086,319	91,929,027	86,908,625
Capital Projects	21,819,188	25,363,374	34,037,909	42,611,688	38,043,765	29,293,207	26,226,951	23,954,343	22,351,178	22,325,029
Local Sales Taxes	10,530,640	23,953,114	23,144,189	20,770,565	19,414,830	9,238,526	-	-	-	-
Grants and Contributions Not										
Restricted to Specific Programs	190,614,390	195,621,997	205,507,165	193,336,608	179,696,112	205,886,975	223,978,645	196,381,947	204,350,332	222,724,894
Unrestricted Investment Earnings	1,688,370	5,201,237	7,562,309	7,199,706	(328,594)	2,356,932	1,398,387	968,085	984,783	322,748
Extraordinary Items	-	1,040,981	-	-	-	-	-	-	-	-
Miscellaneous	3,904,546	3,549,072	6,140,377	13,802,462	8,223,630	5,162,516	8,731,391	6,190,912	6,463,438	5,402,788
Total Revenues	297,287,132	331,049,491	376,320,141	397,200,634	369,639,100	368,361,773	364,878,479	326,581,606	326,078,758	337,684,084
Change in Net Position	\$ 16,269,429	\$ 38,689,195	\$ 75,324,400	\$ 49,690,884	\$ 23,417,731	\$ 9,677,014	\$ (14,877,500)	\$ (17,544,066)	\$ (7,253,673)	\$ 1,767,646

Source: Marion County District School Board, Finance Department Records

(a) Prior to 2014 the District's accounting system did not allocate all depreciation to the various functions. Beginning in 2014 the District was able to allocate depreciation to all of the applicable functions.

MARION COUNTY DISTRICT SCHOOL BOARD
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

Table 3

	Fiscal Year Ending June 30:									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Federal Direct	\$ 869,735	\$ 1,001,678	\$ 1,008,726	\$ 981,697	\$ 1,069,180	\$ 1,609,243	\$ 2,379,764	\$ 2,072,312	\$ 2,148,187	\$ 1,942,361
Federal Through State and Local	37,484,626	39,702,766	40,942,212	42,018,298	44,295,565	69,840,822	80,060,063	53,587,286	50,650,606	51,211,480
State	178,418,463	187,607,054	220,624,694	196,816,307	167,097,534	160,672,169	162,937,531	160,825,072	172,104,392	192,098,173
Local	114,001,242	143,241,906	181,029,985	214,160,084	200,575,559	173,858,286	149,607,597	141,567,810	133,017,132	124,723,947
Total Revenues	330,774,066	371,553,404	443,605,617	453,976,386	413,037,838	405,980,520	394,984,955	358,052,480	357,920,317	369,975,961
Expenditures										
Current - Education:										
Instruction	156,093,529	165,128,569	190,279,971	203,666,254	192,555,029	202,978,125	208,115,441	193,742,555	190,865,971	188,985,303
Student Personnel Services	18,536,117	19,636,234	21,471,163	23,574,904	22,985,235	23,930,121	23,881,248	22,044,740	22,230,371	23,014,906
Instructional Media Services	4,540,272	4,862,947	5,211,569	5,402,131	4,797,188	4,814,832	4,967,925	4,295,754	4,070,111	3,641,443
Instruction and Curriculum Development	6,693,579	6,348,090	6,918,098	7,770,173	7,101,176	6,847,503	7,689,989	7,024,155	6,248,797	5,570,332
Instructional Staff Training Services	4,913,429	5,826,936	6,138,389	5,383,146	6,770,652	7,960,268	8,977,471	7,850,706	7,137,393	7,135,820
Instruction Related Technology (a)	-	1,921,267	2,270,949	2,481,471	2,249,285	2,645,417	2,763,705	2,241,295	2,082,139	2,141,157
Board of Education	688,461	711,125	833,915	620,847	600,024	562,013	639,789	599,619	601,336	627,489
General Administration	1,740,544	2,134,907	2,228,249	2,082,280	2,047,677	3,186,466	3,251,400	2,219,000	2,342,176	2,291,020
School Administration	15,083,352	15,972,936	17,387,163	18,165,186	17,603,349	18,017,619	18,454,258	16,527,237	16,969,889	16,935,587
Facility Services	517,836	11,350,557	903,451	853,056	574,478	18,438	8,439,024	6,425,156	733,226	2,597,831
Fiscal Services	2,269,409	2,130,708	2,636,470	2,660,367	2,450,046	2,614,061	2,700,701	2,489,566	2,504,775	2,423,416
Food Services	15,371,746	16,131,608	17,353,436	18,392,997	19,581,193	19,824,364	20,048,272	21,418,705	22,125,473	22,381,865
Central Services	6,529,392	4,047,420	4,558,679	4,751,967	4,100,340	4,065,784	4,140,917	3,800,660	3,639,891	3,919,053
Student Transportation Services	19,880,653	21,873,087	22,463,825	24,736,052	20,477,342	19,675,741	20,052,193	18,901,755	18,496,270	19,526,977
Operation of Plant	18,103,950	20,392,960	23,842,434	26,621,750	27,042,358	26,591,041	26,573,504	22,888,806	22,316,850	23,531,438
Maintenance of Plant	9,925,344	9,454,939	10,359,939	10,924,839	10,372,930	9,180,879	9,702,580	8,956,293	8,489,604	8,684,861
Administrative Technology Services (a)	-	3,489,197	3,715,664	4,145,610	3,959,590	4,167,870	4,297,042	3,853,533	4,723,110	3,971,669
Community Services	2,310,916	2,359,755	2,926,497	3,393,735	3,560,481	3,870,685	4,170,742	3,804,867	3,741,872	4,384,158
Capital Outlay:										
Facilities Acquisition and										
Construction	27,125,441	42,019,802	77,713,964	73,326,980	65,010,879	50,084,138	37,103,268	13,410,419	24,002,370	4,554,498
Other Capital Outlay	3,798,649	2,913,932	3,198,158	2,402,392	1,845,579	1,842,850	1,648,151	1,636,109	1,410,753	2,483,145
Debt Service:										
Principal	5,071,664	6,319,878	7,309,157	9,053,112	9,452,526	10,132,414	10,367,792	10,275,000	10,145,000	10,479,000
Interest and Fiscal Charges	4,070,539	5,035,618	6,117,389	8,397,333	8,149,354	7,382,505	7,150,589	6,992,311	5,906,887	5,567,168
Dues, Fees and Issuance Costs	344,700	700,986	585,354	94,879	14,895	377,219	19,700	75,916	70,035	215,027
Total Expenditures	323,609,522	370,763,458	436,423,883	458,901,461	433,301,606	430,770,353	435,155,701	381,474,157	380,854,299	365,063,163
Excess (Deficiency) of Revenues Over Expenditures	7,164,544	789,946	7,181,734	(4,925,075)	(20,263,768)	(24,789,833)	(40,170,746)	(23,421,677)	(22,933,982)	4,912,798

MARION COUNTY DISTRICT SCHOOL BOARD
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

Table 3

	Fiscal Year Ending June 30:									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Long-term Capital Outlay Bonds Issued	\$ 1,590,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Participation Issued	9,225,000	54,675,820	57,348,101	-	-	21,420,000	-	-	-	37,380,000
Loans Incurred	-	2,216,855	-	-	-	-	-	-	-	-
Bonds Issued	-	1,588,888	-	-	-	520,000	180,000	25,845,000	-	3,620,500
Premium on Debt	59,675	-	-	-	-	52,193	27,740	300,397	-	137,879
Discount on Debt Issued	-	-	-	-	-	(12,828)	-	-	-	-
Payments to Refunded Debt Escrow Agent	(8,908,762)	(1,593,590)	-	-	-	(21,606,898)	(208,420)	(24,875,279)	(1,158,933)	(39,919,642)
Proceeds from Sale of Capital Assets	-	-	-	12,000	3,600	96,680	-	-	-	-
Insurance Loss Recoveries	723,403	1,040,980	54,809	120,516	88,623	9,318	23,977	108,500	58,443	108,571
Transfers In	11,428,896	14,300,734	16,234,114	20,673,467	24,759,695	23,332,714	23,069,632	21,754,970	20,844,390	21,603,700
Transfers Out	(11,428,896)	(14,300,734)	(16,234,114)	(20,673,467)	(24,759,695)	(23,332,714)	(23,069,632)	(21,754,970)	(20,844,390)	(21,603,700)
Total Other Financing Sources (Uses)	<u>2,689,316</u>	<u>57,928,953</u>	<u>57,402,910</u>	<u>132,516</u>	<u>92,223</u>	<u>478,465</u>	<u>23,297</u>	<u>1,378,618</u>	<u>(1,100,490)</u>	<u>1,327,308</u>
Net Change in Fund Balances	<u>9,853,860</u>	<u>58,718,899</u>	<u>64,584,644</u>	<u>(4,792,559)</u>	<u>(20,171,545)</u>	<u>(24,311,368)</u>	<u>(40,147,449)</u>	<u>(22,043,059)</u>	<u>(24,034,472)</u>	<u>6,240,106</u>
Fund Balances - Beginning	<u>56,995,590</u>	<u>66,849,450</u>	<u>125,568,349</u>	<u>190,152,993</u>	<u>185,360,434</u>	<u>165,188,889</u>	<u>140,877,521</u>	<u>100,730,072</u>	<u>78,687,013</u>	<u>54,652,541</u>
Fund Balances - Ending	<u>\$ 66,849,450</u>	<u>\$ 125,568,349</u>	<u>\$ 190,152,993</u>	<u>\$ 185,360,434</u>	<u>\$ 165,188,889</u>	<u>\$ 140,877,521</u>	<u>\$ 100,730,072</u>	<u>\$ 78,687,013</u>	<u>\$ 54,652,541</u>	<u>\$ 60,892,647</u>
Debt Service as a Percentage of Noncapital Expenditures	3.24%	3.70%	3.94%	4.58%	4.81%	4.72%	4.42%	4.73%	4.54%	4.54%

(a) In fiscal year ending June 30, 2006, two new functional expenditure classifications were implemented to report technology expenses that were previously reported in central services.

Source: Marion County District School Board, Finance Department Records

**MARION COUNTY DISTRICT SCHOOL BOARD
FUND BALANCES, ALL GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(Modified Accrual Basis of Accounting)
(UNAUDITED)

Table 4

	Fiscal Year Ending June 30:									
	2005(a)	2006(a)	2007(a)	2008(a)	2009(a)	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ 2,187,015	\$ 4,300,979	\$ 2,337,748	\$ 2,350,940	\$ 2,249,011	\$ 3,410,988	\$ 2,364,515	\$ 2,258,504	\$ 2,262,561	\$ 2,644,114
Spendable:										
Restricted	752,234	1,971,542	2,598,777	2,060,664	7,540,364	2,317,781	1,615,396	2,240,303	3,007,480	4,422,676
Assigned	1,898,001	1,299,443	996,584	601,554	330,685	16,573,438	12,723,576	4,843,480	-	7,547,747
Unassigned	16,781,070	20,366,728	27,036,524	23,798,971	22,226,646	8,970,560	10,206,082	9,250,956	11,241,171	11,469,003
Total General Fund	<u>\$ 21,618,320</u>	<u>\$ 27,938,692</u>	<u>\$ 32,969,633</u>	<u>\$ 28,812,129</u>	<u>\$ 32,346,706</u>	<u>\$ 31,272,767</u>	<u>\$ 26,909,569</u>	<u>\$ 18,593,243</u>	<u>\$ 16,511,212</u>	<u>\$ 26,083,540</u>
All Other Governmental Funds										
Nonspendable	\$ 744,659	\$ 446,173	\$ 881,932	\$ 747,421	\$ 509,359	\$ 541,201	\$ 850,502	\$ 822,146	\$ 761,754	\$ 1,439,665
Spendable:										
Restricted	44,489,514	97,183,558	156,325,389	155,825,086	132,357,583	109,087,802	73,026,310	59,332,102	37,432,904	33,384,745
Unassigned (b)	(3,043)	(74)	(23,961)	(24,202)	(24,759)	(24,249)	(56,309)	(60,478)	(53,329)	(15,303)
Total All Other Governmental Funds	<u>\$ 45,231,130</u>	<u>\$ 97,629,657</u>	<u>\$ 157,183,360</u>	<u>\$ 156,548,305</u>	<u>\$ 132,842,183</u>	<u>\$ 109,604,754</u>	<u>\$ 73,820,503</u>	<u>\$ 60,093,770</u>	<u>\$ 38,141,329</u>	<u>\$ 34,809,107</u>
Combined Governmental Funds	<u>\$ 66,849,450</u>	<u>\$ 125,568,349</u>	<u>\$ 190,152,993</u>	<u>\$ 185,360,434</u>	<u>\$ 165,188,889</u>	<u>\$ 140,877,521</u>	<u>\$ 100,730,072</u>	<u>\$ 78,687,013</u>	<u>\$ 54,652,541</u>	<u>\$ 60,892,647</u>

(a) The District implemented GASB 54 in the 2010 fiscal year. The fund balances from the prior fiscal years were restated for comparison purposes.

(b) The District reported a negative unassigned fund balance for All Other Governmental Funds as a result of prepaid items exceeding the ending fund balances in the Special Revenue - Other Federal Programs Fund.

Source: Marion County District School Board, Finance Department Records

MARION COUNTY DISTRICT SCHOOL BOARD
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

Table 5

Fiscal Year Ending June 30,	Property Taxes		Sales Surtax (a)	Impact Fees (b)	Total
	Operational Purposes	Capital Projects			
2005	\$ 68,729,998	\$ 21,819,188	\$ 10,530,640	\$ -	\$ 101,079,826
2006	76,319,716	25,363,374	23,953,114	-	125,636,204
2007	99,928,192	34,037,909	23,144,189	1,685,718	158,796,008
2008	119,479,605	42,611,688	20,770,565	4,967,977	187,829,835
2009	124,589,357	38,043,765	19,414,830	2,484,914	184,532,866
2010	114,728,839	28,787,837	9,238,526	740,445	153,495,647
2011	104,543,105	26,226,951	-	958,161	131,728,217
2012	99,086,319	23,954,343	-	220,642	123,261,304
2013	91,929,027	22,351,178	-	57,874	114,338,079
2014	86,908,625	22,325,029	-	26,953	109,260,607

- (a) A half-cent sales surtax was voted in by the citizens of Marion County effective January 1, 2005, for a period of
- (b) In response to the growing population and new home sales in Marion County, the Marion County Board of County Commissioners approved an impact fee on new home sales to begin on October 1, 2006, to aid funding for new schools. Due to a downturn in the local housing market, impact fees significantly declined in 2010. In

Source: Marion County District School Board, Finance Department Records

MARION COUNTY DISTRICT SCHOOL BOARD
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 6

Fiscal Year Ending June 30,	Real Property	Tangible Property	Railroad Property	Less: Tax-Exempt Property	Total Taxable Assessed Value (a)	Total Direct Tax Rate
2005	\$ 16,203,462,528	\$ 1,206,148,832	\$ 25,460,847	\$ 6,310,795,783	\$ 11,124,276,424	8.272
2006	19,412,346,247	1,270,139,439	17,321,150	7,642,075,899	13,057,730,937	8.013
2007	28,210,781,781	1,398,251,481	16,831,233	12,082,162,532	17,543,701,963	7.869
2008	36,918,976,765	1,531,172,245	18,006,999	16,120,773,828	22,347,382,181	7.607
2009	36,172,335,899	1,608,354,450	15,007,701	15,472,964,184	22,322,733,866	7.498
2010	31,005,053,635	1,547,921,757	15,121,409	12,592,151,804	19,975,944,997	7.478
2011	27,141,206,875	1,424,892,450	13,690,221	10,703,365,015	17,876,424,531	7.487
2012	24,124,431,238	1,372,246,797	15,044,813	9,006,785,016	16,504,937,832	7.708
2013	21,713,674,702	1,325,660,677	18,381,187	7,642,130,994	15,415,585,572	7.671
2014	21,662,690,013	1,365,147,480	19,153,005	7,689,024,236	15,357,966,262	7.339

(a) Assessed values are as of January 1.

Source: Marion County Property Appraiser - <http://www.pa.marion.fl.us/>

**MARION COUNTY DISTRICT SCHOOL BOARD
PROPERTY TAX RATES (a) OF
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 7

	Fiscal Year Ending June 30:									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Direct										
Marion County District School Board										
General Fund (Required Local Effort)	5.5710	5.2530	5.1090	4.8960	5.0530	5.2300	5.2390	5.4600	5.4230	5.0910
General Fund (Discretionary)	0.7010	0.7600	0.7600	0.7110	0.6950	0.7480	0.7480	0.7480	0.7480	0.7480
Capital Projects Fund	2.0000	2.0000	2.0000	2.0000	1.7500	1.5000	1.5000	1.5000	1.5000	1.5000
Total School Board	8.2720	8.0130	7.8690	7.6070	7.4980	7.4780	7.4870	7.7080	7.6710	7.3390
Overlapping										
Board of County Commissioners										
General Fund	3.9800	3.7300	3.6200	2.7300	3.1300	3.1300	3.1900	3.1900	3.1900	3.1900
Fine and Forfeiture Fund	1.0200	0.8600	0.7100	0.5600	0.5600	0.5600	0.5300	0.5300	0.5300	0.5300
Parks and Land Acquisition Debt Service Fund	0.1600	0.1300	0.1000	0.0800	0.0800	0.0900	0.0500	0.0500	0.0500	0.0600
Marion County Health Department Fund	0.1500	0.1500	0.1400	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Total General County	5.3100	4.8700	4.5700	3.4900	3.8900	3.9000	3.8900	3.8900	3.8900	3.9000
Total County-Wide	13.5820	12.8830	12.4390	11.0970	11.3880	11.3780	11.3770	11.5980	11.5610	11.2390
Special Districts										
Rainbow Lakes Estates MSD (b)	2.8500	2.8500	1.4000	1.0800	1.5600	2.0000	2.0000	2.2500	2.2500	2.2500
Rainbow Lakes Estates MSTU (c)	0.8000	1.5000	0.4500	0.2100	0.3000	0.3400	0.3400	0.3800	0.4700	0.4700
Marion Oaks MSTU For Fire Protection (c)	3.0000	3.0000	1.6300	1.0200	1.0200	1.0200	1.0200	1.0200	1.0200	1.0200
MSTU for Law Enforcement (c)	3.2600	3.1800	2.2800	2.0300	2.0300	2.3300	2.8100	2.8100	2.8100	3.2100
MSTU for EMS (c)	0.4000	0.4700	1.0400	0.8300	0.8300	0.8300	0.8300	0.7700	0.7700	0.7700
MSTU for EMT (c)	0.2700	0.2700	0.2100	0.4000	-	-	-	-	-	-
Silver Springs Shores Special Tax District	2.5900	2.5900	3.0000	2.8500	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Hills of Ocala MSTU for Recreation (c)	0.2200	0.1700	0.1400	0.0900	0.1400	0.1400	0.1800	0.1800	0.1800	0.1800
Southwest Florida Water Management District	0.6870	0.6870	0.6870	0.6174	0.6174	0.6174	0.6078	0.3928	0.3928	0.3818
St. Johns River Water Management District	0.4620	0.4620	0.4620	0.4158	0.4158	0.4158	0.4158	0.3313	0.3313	0.3283
Municipalities										
Ocala	5.9260	5.9260	5.6760	4.5288	4.5288	4.9664	5.6183	5.9332	6.1502	6.2502
Ocala (Downtown Development District "A")	1.8667	1.8667	1.8667	1.5470	1.3726	1.3967	1.5647	1.5862	1.6461	1.5967
Ocala (Downtown Development District "B")	1.5361	1.5361	1.5361	1.1981	1.1566	1.2163	1.5508	1.6191	1.6542	1.7013
Ocala (Downtown Development District "C")	1.2187	1.2187	1.2187	1.0115	0.9493	1.0062	1.1347	1.1772	1.2332	1.2810
Bellevue	4.4139	4.4139	3.8188	2.8905	2.8905	2.9544	3.3472	3.9912	3.9912	3.9912
Dunnellon	6.5000	6.5000	6.5000	5.2266	5.2266	6.4469	6.9101	7.1408	6.8013	7.1408
McIntosh	1.4266	1.2611	1.0540	0.8681	1.8050	1.9670	2.1344	2.2988	2.5546	2.5198

(a) Rates are stated per \$1,000 of assessed value. Rates were adopted after June 30 for all years presented. Collections on the related tax levy occur in the succeeding fiscal year.

(b) MSD is an abbreviation for municipal service district.

(c) MSTU is an abbreviation for municipal service taxing unit.

**MARION COUNTY DISTRICT SCHOOL BOARD
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 8

Fiscal Year Ending June 30,	Direct Marion County School Board Discretionary Sales Surtax (a)	Overlapping State of Florida Sales Tax (b)
2005	0.5%	6.0%
2006	0.5%	6.0%
2007	0.5%	6.0%
2008	0.5%	6.0%
2009	0.5%	6.0%
2010	0.5%	6.0%
2011	-	6.0%
2012	-	6.0%
2013	-	6.0%
2014	-	6.0%

(a) The Marion County School Board discretionary sales tax rate of one half cent was voted in by the citizens of Marion County in November 2004, to be in effect for five years, commencing on January 1, 2005. The surtax had a designated purpose to construct certain school facilities in the county. The surtax expired on December 31, 2009.

(b) The State of Florida sales tax rate is set as mandated by Florida State Statute to be six cents per one dollar.

Source: Florida Department of Revenue - <http://dor.myflorida.com/dor/taxes/discretionary.html>

**MARION COUNTY DISTRICT SCHOOL BOARD
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Table 9

<u>Taxpayer</u>	2014			2005		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Duke Energy (Progress Energy)	\$ 151,059,366	1	0.98%	\$ -		
Sumter Electric Cooperative, Inc.	112,058,342	2	0.73%	70,743,331	3	0.64%
Embarq (formerly Sprint-Florida, Inc.)	72,822,419	3	0.47%	141,145,813	1	1.27%
Wal-Mart	61,379,934	4	0.40%	62,999,160	4	0.57%
K-Mart Distribution	53,218,185	5	0.35%	55,504,255	5	0.50%
Marion Community Hospital	46,090,857	6	0.30%	41,405,936	6	0.37%
Paddock Mall Associates	38,555,606	7	0.25%	33,164,771	7	0.30%
Closetmaid Corporation	35,799,372	8	0.23%			
On Top of the World	35,597,967	9	0.23%			
Clay Electric Cooperative, Inc.	32,098,531	10	0.21%			
Florida Power Corporation				110,068,643	2	0.99%
Carlton Arms of Ocala				33,155,694	8	0.30%
RLR Investment LLC				31,360,114	9	0.28%
Florida Gas Transmission Co.				30,329,528	10	0.27%
Total Principal Taxpayers	638,680,579		4.16%	609,877,245		5.48%
All Other Taxpayers	14,719,285,683		95.84%	10,514,399,179		94.52%
Total Taxable Valuation	\$ 15,357,966,262		100.00%	\$ 11,124,276,424		100.00%

Source: Marion County Property Appraiser Office and website - <http://www.pa.marion.fl.us>

**MARION COUNTY DISTRICT SCHOOL BOARD
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 10

Fiscal Year Ending June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (a)	Percentage of Levy		Amount (a)	Percentage of Levy
2005	\$ 92,114,667	\$ 88,904,841	96.52%	\$ 1,644,345	\$ 90,549,186	98.30%
2006	104,658,905	101,126,372	96.62%	556,718	101,683,090	97.16%
2007	137,150,917	133,644,030	97.44%	322,071	133,966,101	97.68%
2008	170,492,916	161,800,192	94.90%	291,101	162,091,293	95.07%
2009	168,776,671	158,593,292	93.97%	4,039,831	162,633,123	96.36%
2010	150,217,728	143,516,676	95.54%	2,200,148	145,716,824	97.00%
2011	134,903,407	129,266,064	95.82%	1,503,993	130,770,057	96.94%
2012	127,785,556	122,361,191	95.76%	679,471	123,040,662	96.29%
2013	118,252,957	113,380,571	95.88%	899,634	114,280,205	96.64%
2014	112,712,184	108,509,196	96.27%	724,458	109,233,654	96.91%

(a) Net of allowable discounts. Florida law allows a 4 percent discount starting November and reducing 1 percent each month until February.

Sources: Marion County Property Appraiser
Marion County School Board Superintendent's Annual Financial Report

MARION COUNTY DISTRICT SCHOOL BOARD
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 11

Fiscal Year Ending June 30,	Bonds Payable	Certificates of Participation	Note Payable	Capital Lease	Deferred Amounts	Total	Total Debt Per Capita (a)	Total Debt as a Percentage of Personal Income (b)
2005	\$ 15,415,000	\$ 74,485,000	\$ 535,884	\$ -	\$ -	\$ 90,435,884	\$ 308	1.31%
2006	14,365,000	123,245,000	-	2,265,000	1,176,118	141,051,118	463	1.95%
2007	13,345,000	172,380,000	-	1,840,843	3,431,108	190,996,951	606	2.34%
2008	12,485,000	164,625,000	-	1,402,731	3,254,899	181,767,630	559	1.99%
2009	11,585,000	156,525,000	-	950,205	3,078,687	172,138,892	521	1.75%
2010	10,615,000	148,445,000	-	482,792	593,898	160,136,690	483	1.57%
2011	9,590,000	139,570,000	-	-	586,144	149,746,144	451	1.47%
2012	9,425,000	131,360,000	-	-	2,098,067	142,883,067	426	1.38%
2013	7,185,000	122,335,000	-	-	1,965,489	131,485,489	391	1.21%
2014	6,966,500	115,075,000	-	-	196,175	122,237,675	360	1.03%

(a) See Table 12 for Population.

(b) See Table 16 for Personal Income.

Source: Marion County District School Board, Finance Department Records
United States Department of Commerce, Bureau of Economic Analysis

**MARION COUNTY DISTRICT SCHOOL BOARD
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 12

Fiscal Year Ending June 30,	Population (a)	Assessed Value (b)	Bonds Payable	Certificates of Participation	Deferred Amounts	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Net Bonded Debt as a Percentage of Personal Income (c)
2005	293,317	\$ 11,124,276,424	\$ 15,415,000	\$ 74,485,000	\$ -	\$ 89,900,000	\$ 531,007	\$ 89,368,993	0.80%	\$ 304.68	1.30%
2006	304,926	13,057,730,937	14,365,000	123,245,000	1,176,118	138,786,118	604,174	138,181,944	1.06%	453.17	1.91%
2007	315,074	17,543,701,963	13,345,000	172,380,000	3,431,108	189,156,108	673,270	188,482,838	1.07%	598.22	2.31%
2008	325,023	22,347,382,181	12,485,000	164,625,000	3,254,899	180,364,899	596,319	179,768,580	0.80%	553.09	1.97%
2009	330,440	22,322,733,866	11,585,000	156,525,000	3,078,687	171,188,687	571,608	170,617,079	0.76%	516.33	1.74%
2010	331,800	19,975,944,997	10,615,000	148,445,000	593,898	159,653,898	554,960	159,098,938	0.80%	479.50	1.56%
2011	332,387	17,876,424,531	9,590,000	139,570,000	586,144	149,746,144	525,621	149,220,523	0.83%	448.94	1.46%
2012	335,697	16,504,937,832	9,425,000	131,360,000	2,098,067	142,883,067	558,494	142,324,573	0.86%	423.97	1.37%
2013	336,659	15,415,585,572	7,185,000	122,335,000	1,965,489	131,485,489	485,162	131,000,327	0.85%	389.12	1.20%
2014	340,018	15,357,966,262	6,966,500	115,075,000	196,175	122,237,675	1,553,706	120,683,969	0.79%	354.93	1.01%

- (a) Population is as of December 31 of the previous calendar year.
(b) Assessed values are as of January 1 for all years presented. Collections on the related tax levies occur in the succeeding fiscal year.
(c) See Table 16 for Personal Income.

Sources: Florida Office of Economic and Demographic Research, Demographic Estimating Conference, February 2014- [http://www.edr.state.fl.us/content/population-demographics/data/county population](http://www.edr.state.fl.us/content/population-demographics/data/county%20population)
Marion County Property Appraiser - <http://www.pa.marion.fl.us/>
Marion County District School Board, Finance Department Records

**MARION COUNTY DISTRICT SCHOOL BOARD
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 13

	Fiscal Year Ending June 30:									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value (a)	\$ 11,124,276,424	\$ 13,057,730,937	\$ 17,543,701,963	\$ 22,347,382,181	\$ 22,322,733,866	\$ 19,975,944,997	\$ 17,876,424,531	\$ 16,504,937,832	\$ 15,415,585,572	\$ 15,357,966,262
Debt Limit on Assessed Value (b)	\$ 11,124,276,424	\$ 13,057,730,937	\$ 17,543,701,963	\$ 22,347,382,181	\$ 22,322,733,866	\$ 19,975,944,997	\$ 17,876,424,531	\$ 16,504,937,832	\$ 15,415,585,572	\$ 15,357,966,262
Amount of Debt Applicable to Debt Limit:										
Bonds Payable (c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Amount Available for Debt Service	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable to the Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 11,124,276,424	\$ 13,057,730,937	\$ 17,543,701,963	\$ 22,347,382,181	\$ 22,322,733,866	\$ 19,975,944,997	\$ 17,876,424,531	\$ 16,504,937,832	\$ 15,415,585,572	\$ 15,357,966,262
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- (a) Assessed value is as of January 1.
- (b) The State of Florida does not have a limit on the amount of voter approved (general obligation) debt.
- (c) Includes General Obligation Bonds only.

Source: Marion County Property Appraiser - <http://www.pa.marion.fl.us/>

**MARION COUNTY DISTRICT SCHOOL BOARD
 ANTICIPATED CAPITAL OUTLAY MILLAGE LEVY
 REQUIRED TO COVER CERTIFICATES OF PARTICIPATION PAYMENTS
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Table 14

<u>Fiscal Year Ending June 30,</u>	<u>Taxable Assessed Value (a)</u>	<u>Annual Lease Payment</u>	<u>Millage Levy Required (b)</u>
2005	\$ 11,124,276	\$ 6,991,009	0.66
2006	13,057,731	9,179,891	0.74
2007	17,543,702	11,239,811	0.67
2008	22,347,382	15,472,497	0.73
2009	22,322,734	15,615,721	0.74
2010	19,975,945	15,524,129	0.82
2011	17,876,425	15,508,904	0.90
2012	16,504,938	15,572,720	0.98
2013	15,415,586	14,543,870	0.98
2014	15,357,966	14,424,705	0.98

(a) In thousands as of January 1.

(b) Millage rate calculated using 95% of the taxable assessed valuation prior to 2010-11 fiscal year and 96% after 2009-10 fiscal year.

Note: Capital lease arrangements financed by Certificates of Participation are not considered general obligation debt, as no specific property tax levy has been pledged.

Sources: Marion County Property Appraiser - <http://www.pa.marion.fl.us/>
 Marion County District School Board, Finance Department Records

**MARION COUNTY DISTRICT SCHOOL BOARD
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Table 15

Fiscal Year Ending June 30,	District Revenue Bonds					
	Pari-Mutuel Revenues	Miscellaneous Revenue	Debt Service		Other Dues & Fees	Coverage
			Principal	Interest		
2005	\$ 223,250	\$ 5,577	\$ 65,000	\$ 156,663	\$ 1,000	1.03
2006	223,250	11,050	65,000	154,388	539	1.07
2007	223,250	15,251	65,000	152,080	539	1.10
2008	223,250	11,744	70,000	149,580	539	1.07
2009	223,250	4,071	70,000	146,850	539	1.05
2010	223,250	1,009	75,000	143,913	539	1.02
2011	223,250	1,299	80,000	140,725	539	1.01
2012	223,250	1,398	80,000	137,375	539	1.03
2013	223,250	1,379	85,000	133,805	539	1.02
2014 (a)	223,250	776	94,000	104,207	350	1.13

(a) These bonds were refunded in 2014. Only the applicable debt service for the 2014 fiscal year is shown.

Source: Marion County School District Finance Department - Funds 2900 and 2910, District Revenue Bonds.

**MARION COUNTY DISTRICT SCHOOL BOARD
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 16

Fiscal Year Ending June 30,	Population (a)	Personal Income (b) (in thousands)	Per Capita Personal Income	Unemployment Rate (c)		
				Marion County	Florida	United States
2005	293,317	\$ 6,896,469	\$ 23,512	3.5%	3.7%	4.8%
2006	304,926	7,220,988	23,681	3.5%	3.6%	4.6%
2007	315,074	8,160,559	25,900	4.8%	4.2%	4.9%
2008	325,023	9,118,829	28,056	7.2%	5.7%	5.7%
2009	330,440	9,827,058	29,739	12.6%	10.8%	9.7%
2010	331,800	10,215,839	30,789	13.9%	11.6%	9.6%
2011	332,387	10,216,751	30,738	12.6%	11.1%	9.3%
2012	335,697	10,351,583	30,836	10.5%	9.3%	8.2%
2013	336,659	10,876,674	32,308	7.8%	7.0%	7.6%
2014	340,018	11,920,530	35,059	7.8%	6.7%	6.1%

- (a) Population is as of December 31 of the previous calendar year.
- (b) The personal income and per capita is as of 2012 (the most recent year available).
- (c) The unemployment rates are as of June.

Sources: Florida Research and Economic Information Database - <http://fred.labormarketinfo.com> and freida.larbormarketinfo.com
National Conference of State Legislatures
Florida Demographic Estimating Conference, February 2014 [http://www.edr.state.fl.us/content/population-demographics/data/county population](http://www.edr.state.fl.us/content/population-demographics/data/county%20population)
Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Statistics
Bureau of Economic Analysis

**MARION COUNTY DISTRICT SCHOOL BOARD
PRINCIPAL EMPLOYERS, TEN LARGEST EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Table 17

Employer	2014			2005 (a)		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Marion County Public Schools	5,604	1	4.58%	5,437	1	4.79%
Munroe Regional Medical Center	2,648	2	2.16%	2,500	2	2.20%
State of Florida (all departments)	2,600	3	2.12%			
Wal-Mart (Combined)	2,370	4	1.94%	1,935	3	1.71%
Ocala Regional Medical Center & West Marion Community Hospital	2,020	5	1.65%	1,300	6	1.15%
Publix Supermarkets (combined)	1,488	6	1.22%	1,400	4	1.23%
Marion County Government (all departments)	1,462	7	1.19%			
AT&T	1,000	8	0.82%			
City of Ocala (all departments)	994	9	0.81%			
Lockheed Martin	981	10	0.80%			
Emergency One, Inc.				1,309	5	1.15%
Cingular Wireless				1,000	7	0.88%
Closet Maid				915	8	0.81%
Winn Dixie Supermarkets (combined)				895	9	0.79%
Kmart Corporation				650	10	0.57%
Totals	21,167		17.29%	17,341		15.28%
All Others	101,258		82.71%	96,059		84.72%
Total Employment	122,425		100.00%	113,400		100%

(a) Information regarding governmental employees was not available prior to 2006.

Sources: Florida Research and Economic Database - <http://fred.labormarketinfo.com>
Marion County Chamber and Economic Partnership - <http://www.ocalacep.com>

**MARION COUNTY DISTRICT SCHOOL BOARD
NUMBER OF FULL TIME EMPLOYEES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 18

	Fiscal Year Ending June 30:									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instructors	2,599	2,706	2,876	2,934	2,863	2,891	2,961	2,852	2,811	2,734
Administrators	160	169	173	175	173	174	171	165	165	169
Non-Instructional	1,183	1,194	1,244	1,219	1,123	1,057	1,020	1,004	965	1,028
Educational Support	1,495	1,604	1,724	1,762	1,717	1,753	1,761	1,674	1,684	1,673
Total Full Time Employees	5,437	5,673	6,017	6,090	5,876	5,875	5,913	5,695	5,625	5,604

Source: Marion County District School Board, Payroll Department records

**MARION COUNTY DISTRICT SCHOOL BOARD
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 19

Fiscal Year Ending June 30,	Number of Schools	Expenditures (a) (e)	Student Membership (b)	Cost Per Student	Percentage Change	Total All Employees	Teaching Staff	Student/ Teacher Ratio	Student Attendance Percentage (c)	Unweighted FTE (d)	Ratio of FTE to Instructors	Ratio of FTE to All Employees
2005	46	\$ 287,424,816	40,992	\$ 7,012	n/a	5,437	2,599	15.8	93.59%	40,637	15.64	7.47
2006	46	309,039,936	41,896	7,376	5.20%	5,673	2,706	15.5	93.28%	41,455	15.32	7.31
2007	47	344,393,653	42,332	8,136	10.29%	6,017	2,876	14.7	93.78%	41,966	14.59	6.97
2008	48	367,382,376	42,691	8,606	5.78%	6,090	2,934	14.6	96.93%	41,668	14.20	6.84
2009	48	350,240,755	41,498	8,440	-1.93%	5,876	2,863	14.5	95.41%	41,792	14.60	7.11
2010 (e)	49	362,794,059	41,173	8,811	4.40%	5,875	2,891	14.2	95.41%	41,659	14.41	7.09
2011 (e)	49	331,924,409	41,331	8,031	-8.86%	5,913	2,961	14.0	93.33%	41,500	14.02	7.02
2012	49	310,639,993	41,415	7,501	-6.60%	5,695	2,852	14.5	93.39%	41,689	14.62	7.32
2013	49	308,758,317	41,589	7,424	-1.02%	5,625	2,811	14.8	93.34%	41,544	14.78	7.39
2014	49	313,829,453	41,632	7,538	1.54%	5,604	2,734	15.2	92.99%	41,407	15.15	7.39

(a) Expenditures are General Fund and Special Revenue - Food Service Fund.

(b) Student membership is based on the 180 day count.

(c) Attendance is a calculation based on the average daily attendance.

(d) FTE is an abbreviation for full-time equivalent student.

(e) Expenditures for 2010 and 2011 include State Fiscal Stabilization and Education Jobs Funds which were provided to supplement State and local funding for operating costs.

Source: Marion County District School Board, Finance Department, Payroll Department, Student Records Department records

**MARION COUNTY DISTRICT SCHOOL BOARD
FOOD SERVICE OPERATING DATA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 20

	Fiscal Year Ending June 30:									
	2005 (a)	2006	2007	2008	2009	2010	2011	2012	2013	2014
Days Meals Were Served	175	180	180	180	180	180	180	180	180	180
Average Number of Free and Reduced Meals Served Daily	26,815	27,680	29,647	31,794	33,590	36,106	38,045	39,489	38,901	37,858
Number of Free and Reduced Meals Served	4,692,555	4,982,395	5,336,404	5,722,889	6,046,250	6,499,156	6,848,032	7,108,030	7,002,247	6,814,409
Average Daily Subsidy	\$ 55,677	\$ 58,677	\$ 64,226	\$ 70,172	\$ 78,690	\$ 87,589	\$ 90,968	\$ 95,717	\$ 99,581	\$ 107,516
Total Subsidy Received	\$ 9,743,440	\$ 10,561,891	\$ 11,560,705	\$ 12,630,918	\$ 14,164,256	\$ 15,765,930	\$ 16,374,206	\$ 17,229,038	\$ 17,924,530	\$ 19,352,795
Average Number of Meals Served Daily	36,201	37,309	41,831	43,978	45,203	45,808	47,869	48,868	47,342	49,658
Number of Meals Served	6,335,155	6,715,557	7,529,593	7,916,097	8,136,563	8,245,488	8,616,330	8,796,166	8,521,536	8,938,373
Percentage of Free and Reduced Meals Served to Total Meals Served	74%	74%	71%	72%	74%	79%	79%	81%	82%	76%
Average Daily Sales	\$ 88,612	\$ 92,749	\$ 102,797	\$ 108,124	\$ 114,594	\$ 121,164	\$ 123,899	\$ 128,579	\$ 130,665	\$ 133,740
Total Revenue	\$15,507,150	\$ 16,694,789	\$ 18,503,456	\$ 19,462,242	\$ 20,626,922	\$ 21,809,462	\$ 22,301,828	\$ 23,144,141	\$ 23,519,665	\$ 24,073,189
Average Daily Costs	\$ 88,321	\$ 90,886	\$ 97,820	\$ 104,691	\$ 109,885	\$ 112,828	\$ 113,623	\$ 124,341	\$ 125,570	\$ 135,218
Total Costs	\$15,456,193	\$ 16,359,471	\$ 17,607,657	\$ 18,844,391	\$ 19,779,218	\$ 20,309,079	\$ 20,452,132	\$ 22,381,392	\$ 22,602,560	\$ 24,339,287

(a) In the 2004-05 fiscal year, Marion County was affected by three different hurricanes resulting in a net loss of five school days.

Source: Marion County District School Board, Finance Department records

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 21

	Year Acquired (a)	Square Footage (b)	Student Membership (c) Fiscal Year Ending June 30:									
			2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary Schools												
Anthony	1925	57,271	317	315	331	351	310	371	340	357	361	340
Belleview	1963	67,529	686	705	696	701	683	658	645	659	693	728
Belleview-Santos	1953	112,560	794	856	860	828	863	869	800	782	752	548
College Park	1993	124,473	683	673	649	644	711	713	713	753	744	761
Dr. NH Jones	1959	107,211	733	808	753	741	741	739	751	740	712	648
Dunnellon	1993	103,758	661	701	683	764	711	743	648	706	686	718
East Marion	1974	84,145	740	753	786	730	741	725	718	748	725	687
Eighth Street	1914	35,223	406	390	382	348	344	317	298	342	322	342
Emerald Shores	1988	89,976	644	703	673	690	704	647	590	611	671	653
Evergreen	1988	111,305	711	769	767	753	607	619	624	584	596	580
Fessenden	1953	65,757	481	457	504	485	489	476	472	489	506	490
Fort McCoy School (d)	1986	177,679	604	595	578	564	551	578	569	524	520	530
Greenway	1995	122,462	843	955	1,036	1,012	989	974	925	927	919	720
Hammett Bowen, Jr.	2004	95,679	-	-	789	870	901	951	776	805	781	776
Harbour View	1991	115,704	662	709	688	701	693	731	756	727	683	755
Horizon Academy at Marion Oaks (d)	1988	190,765	-	-	-	-	529	477	158	153	149	141
Legacy	2011	103,987	-	-	-	-	-	-	-	-	-	593
Madison Street	1949	56,624	475	500	477	459	459	454	459	459	452	417
Maplewood	1990	130,536	821	839	879	928	874	895	856	838	818	712
Marion Oaks	2010	118,704	-	-	-	-	-	-	679	804	766	784
Oakcrest	1952	113,941	539	561	496	478	587	654	706	728	716	753
Ocala Springs	1985	92,444	601	600	623	668	626	636	624	601	584	599
Reddick-Collier	1935	107,162	397	431	428	447	417	418	411	386	375	349
Romeo	1991	111,906	800	822	791	800	756	744	764	789	738	756
Saddlewood	1998	129,949	947	1,052	585	623	596	674	746	766	823	835
Shady Hill	1985	103,723	634	597	618	702	625	609	605	622	600	611
South Ocala	1955	102,767	503	510	546	609	612	588	616	664	703	668
Sparr	1964	53,327	441	455	408	391	365	388	404	359	343	359
Stanton-Weirsdale	1955	73,750	585	580	539	575	560	505	527	511	499	494
Sunrise	1987	114,540	972	1,093	1,226	1,402	950	899	752	679	741	742
Ward-Highlands	1959	104,006	845	818	856	883	842	799	777	796	771	772
Wyomina Park	1948	50,240	551	561	585	538	520	495	549	541	608	662
Total Elementary Schools			18,076	18,808	19,232	19,685	19,356	19,346	19,258	19,450	19,357	19,523
Middle Schools												
Belleview	1992	188,723	1,202	1,157	1,223	1,190	1,131	1,071	1,070	1,092	1,067	1,015
Dunnellon	1936	117,731	985	1,029	1,086	1,118	689	636	672	648	646	619
Fort King	1962	124,328	960	977	974	1,020	1,212	1,187	1,202	1,131	1,121	1,083
Fort McCoy School (d)	1986	177,679	632	590	545	540	543	513	521	514	494	493
Horizon Academy at Marion Oaks (d)	1988	190,765	-	-	-	-	704	708	722	642	673	675
Howard	1954	165,397	1,222	1,119	1,084	1,017	1,003	975	918	1,025	1,125	1,211
Lake Weir	1953	163,805	1,315	1,313	1,350	1,380	1,392	1,262	1,261	1,263	1,272	1,311
Liberty	2005	195,448	1,218	1,219	1,266	1,267	1,098	1,027	1,086	1,036	1,131	1,083
North Marion	1973	145,432	945	897	863	781	795	779	764	792	823	816
Osceola	1924	91,248	1,006	1,080	1,182	1,190	925	892	930	947	955	938
Total Middle Schools			9,485	9,381	9,573	9,503	9,492	9,050	9,146	9,090	9,307	9,244

Table 21

High Schools												
Bellevue	1992	235,758	1,782	1,680	1,626	1,545	1,438	1,351	1,427	1,395	1,360	1,425
Dunnellon	1980	145,849	1,333	1,353	1,360	1,465	1,432	1,338	1,176	1,072	1,018	1,005
Forest	2001	302,822	1,880	2,081	2,147	2,249	2,372	2,233	2,091	2,012	2,014	1,964
Lake Weir	1974	236,533	1,734	1,686	1,662	1,709	1,611	1,556	1,503	1,523	1,555	1,557
Marion Technical Institute	1955	187,257	-	264	308	1,469	357	398	359	340	306	286
North Marion	1963	200,970	1,542	1,589	1,540	1,606	1,433	1,278	1,320	1,249	1,249	1,192
Vanguard	1969	201,774	1,811	1,771	1,689	1,711	1,573	1,558	1,666	1,687	1,596	1,616
West Port	1999	401,724	1,501	1,674	1,702	353	1,778	1,731	1,870	2,091	2,225	2,397
Total High Schools			11,583	12,098	12,034	12,107	11,994	11,443	11,412	11,369	11,323	11,442
Charter Schools												
FLAAS	n/a	n/a	66	-	-	-	-	-	-	-	-	-
Francis Marion Military Academy	n/a	n/a	-	-	-	-	46	100	149	167	150	134
McIntosh Charter	n/a	n/a	52	73	84	104	104	97	94	92	91	86
Marion Charter	n/a	n/a	214	207	196	176	179	182	181	167	157	187
Total Charter Schools			332	280	280	280	329	379	424	426	398	407
Special Programs												
ARC (Age 3) PK	n/a	n/a	34	31	37	34	32	34	35	37	37	40
CFCC Academy	n/a	n/a	68	-	-	-	-	-	-	-	-	-
Drop Back In Academy	n/a	n/a	-	-	-	-	-	-	-	-	168	102
Hillcrest School	1971	50,214	172	174	174	170	159	154	154	154	164	176
Infinity	1979	21,159	98	83	96	61	-	-	-	-	-	-
Kingsbury Academy	n/a	n/a	152	278	242	201	214	188	198	188	182	165
Marion County Marine Institute	n/a	n/a	-	-	-	58	-	-	-	-	-	-
Marion County Jail	n/a	n/a	11	5	2	2	17	11	16	17	14	15
Marion Youth Development Ctr.	n/a	n/a	91	87	-	-	-	-	-	-	-	-
MJDC	n/a	n/a	77	59	70	55	56	32	26	14	10	14
MJCF	n/a	n/a	36	37	40	40	37	22	38	40	35	36
MRMC Speech/Language	n/a	n/a	232	214	206	186	-	-	-	-	-	-
Ni'ke Academy	n/a	n/a	166	-	-	-	-	-	-	-	-	-
Pace Center for Girls	n/a	n/a	40	41	50	52	51	51	50	54	59	56
Pre-K Program ESE	n/a	n/a	-	-	-	-	122	148	161	149	117	103
Silver River Marine Institute	n/a	n/a	188	190	184	134	176	242	284	264	307	267
Student Services (Homebound)	n/a	n/a	54	68	55	54	68	27	93	119	86	21
Teen Parent/Comm. Ed	n/a	n/a	82	46	40	45	29	36	9	12	4	5
Teen Parent PK	n/a	n/a	15	16	17	24	17	10	27	32	21	16
Total Special Programs			1,516	1,329	1,213	1,116	978	955	1,091	1,080	1,204	1,016
Total District			40,992	41,896	42,332	42,691	42,149	41,173	41,331	41,415	41,589	41,632

- (a) Year acquired is generally the land acquisition year.
- (b) The square footage is for permanent buildings only and does not include relocatable units.
- (c) Student membership is based on the 180 day count.
- (d) Fort McCoy and Horizon Academy at Marion Oaks are both elementary and middle schools. The square footage is presented on both lines. The student enrollment is presented at each school individually.

Enrollment is based on the student membership on the 180 day count.

Sources: Marion County District School Board FISH (Florida Inventory of School Houses) Report
 Marion County District School Board, Management Information Services Department Records

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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH THE *GOVERNMENT AUDITING STANDARDS*
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES;
AND THE PROVISIONS OF OFFICE OF MANAGEMENT AND BUDGET
(OMB) CIRCULAR A-133**

**MARION COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Florida Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	13002	\$ 4,897,072
National School Lunch Program	10.555 (2)	13001, 13003	15,121,253
Summer Food Service Program for Children	10.559	13006, 13007	316,361
Total Child Nutrition Cluster			<u>20,334,686</u>
Fresh Fruit and Vegetable Program	10.582	13004	93,797
Florida Department of Financial Services:			
Schools and Roads - Grants to States	10.665	None	<u>239,896</u>
Total United States Department of Agriculture			<u>20,668,379</u>
United States Department of Education:			
Direct:			
Student Financial Assistance Program Cluster:			
Federal Pell Grant Program	84.063	N/A	1,259,326
Federal Supplemental Educational Opportunity Grant Program	84.007	N/A	<u>12,021</u>
Total Student Financial Assistance Program Cluster			1,271,347
Fund for the Improvement of Education	84.215	N/A	<u>193,247</u>
Total Direct			<u>1,464,594</u>
Indirect:			
Florida Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027 (3)	262, 263	10,001,273
Special Education - Preschool Grants	84.173 (3)	266, 267	<u>372,253</u>
Total Special Education Cluster			10,373,526
Adult Education - Basic Grants to States	84.002	191, 193	523,521
Title 1 Grants to Local Educational Agencies	84.010	212, 223, 226	12,443,704
Migrant Education - State Grant Program	84.011	217	61,458
Career and Technical Education - Basic Grants to States	84.048	161	482,454
Education for Homeless Children and Youth	84.196	127	106,008
Twenty-First Century Community Learning Centers	84.287	244	467,314
English Language Acquisition State Grants	84.365	102	533,967
Improving Teacher Quality State Grants	84.367	224	1,603,013
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RD211, RG311, RG411, RL111	<u>1,287,975</u>
Total Indirect			<u>27,882,940</u>
Total United States Department of Education			<u>29,347,534</u>
United States Department of Health and Human Services:			
Indirect:			
University of South Florida:			
Temporary Assistance for Needy Families	93.558	None	<u>67,493</u>

**MARION COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (concluded)
For the Fiscal Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Defense:			
Direct:			
Air Force Junior Reserve Officers Training Corps	None	N/A	\$ 246,986
Army Junior Reserve Officers Training Corps	None	N/A	176,193
Navy Junior Reserve Officers Training Corps	None	N/A	<u>54,589</u>
Total United States Department of Defense			<u>477,768</u>
Total Expenditures of Federal Awards			<u>\$ 50,561,174</u>

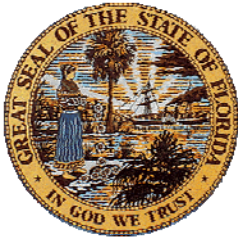
Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance:

National School Lunch Program - Includes \$1,434,485 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(3) Subrecipients. The District provided Federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Special Education - Grants to States	84.027	\$28,405
Special Education - Preschool Grants	84.173	705



DAVID W. MARTIN, 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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Report on the Financial Statements

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 Marion County District School Board, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2014, 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 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 of 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 certain matters that we reported to District management in our operational audit report No. 2015-051.

Purpose of this Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** 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 report is not suitable for any other purpose.

Respectfully submitted,

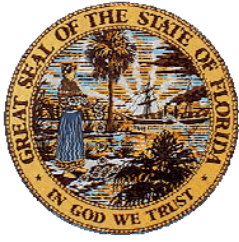


David W. Martin, CPA

Tallahassee, Florida

December 5, 2014

Audit Report No. 2015-059



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The President of the Senate, the Speaker of the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Report on Compliance for Each Major Federal Program

We have audited the Marion County District School Board's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2014. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding No. 2014-001. Our opinion on each major Federal program is not modified with respect to this matter.

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 each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance as described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding No. 2014-001 that we consider to be a significant deficiency.

Management's Response

Management's response to the finding identified in our audit is included in Exhibit A. Management's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

December 5, 2014

Audit Report No. 2015-059

**MARION COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	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 programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes
Identification of major programs:	
CFDA Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,516,835
Auditee qualified as low-risk auditee?	Yes

**MARION COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL AWARDS FINDING AND QUESTIONED COSTS

Federal Awards Finding No. 2014-001:

Federal Agency: United States Department of Agriculture

Pass-Through Entity: Florida Department of Agriculture and Consumer Services

Program: Child Nutrition Cluster (CFDA Nos. 10.553 and 10.555)

Finding Type: Noncompliance and Significant Deficiency

Questioned Costs: Not Applicable

Special Tests and Provisions – Net Cash Resources. Title 7, Section 210.14(b), Code of Federal Regulations (CFR), provides that the District must limit its net cash resources to an amount that does not exceed three months' average expenditures for its food service program or another amount established by the Florida Department of Agriculture and Consumer Services (FDACS) pursuant to Title 7, Section 210.19(a), CFR. Also, FDACS instructions provide that the District could calculate the excess net cash resources amount based on 10 or 12 months of operations. In addition, pursuant to Title 7, Section 210.19(a)(1), CFR, should the net cash resources exceed three months' average expenditures for the food service program or amount established by FDACS, FDACS may require the District to reduce the price charged to students for lunches, improve food quality, or take action designed to improve the food service program. Without such action, FDACS must make adjustments in the rate of reimbursement under the National School Lunch Program.

In an e-mail dated December 20, 2013, FDACS advised the District that at June 30, 2013, the District had excess net cash resources of \$4,775,850 calculated on a 12-month basis. As allowed by FDACS instructions, the District recalculated the excess net cash resources amount on a 10-month basis as \$3,704,262 that excluded the summer food service program activities. Similarly, at June 30, 2014, the District had excess net cash resources of \$2,964,540 based on total net cash resources (\$10,163,503) less the average three months' 2013-14 fiscal year expenditures (\$7,198,963). District personnel indicated that the noncompliance occurred, in part, because the District implemented the community eligibility provision that increased participation in the food service program by elementary school students in low income areas, and the District experienced lower negotiated costs for salaries and food.

In the e-mail, FDACS also requested that the District provide a corrective action plan to FDACS by January 13, 2014. The District prepared a corrective action plan that included expenditures of \$1.2 million for cafeteria modifications, \$550,000 to replace cafeteria tables, \$475,000 for walk-in freezers, \$320,000 for modifying food service lines, and \$1.3 million in other maintenance and equipment purchases; however, due to oversight, the plan was not submitted to FDACS. If the District does not bring net cash resources into compliance with Federal regulations, FDACS may require the District to reduce the price charged to students for lunches or make adjustments in the rate of reimbursement under the National School Lunch Program. A similar finding was noted in the District's financial audit reports for the 2011-12 and 2012-13 fiscal years.

Recommendation: The District should enhance procedures to ensure that net cash resources of its food service program are maintained within the level prescribed by Federal regulations.

District Contact Person: Susan Johnson, Supervisor of Food and Nutrition Services

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in the District's two previous financial audit reports except that Federal Awards Finding No. 2014-001 was also noted in the financial audit reports for the 2011-12 and 2012-13 fiscal years as finding Nos. 2012-1 and 2013-1, respectively.

**MARION COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014**

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
Purvis, Grey, and Company, LLP 2013-1 2012-1 Auditor General Report No. 2012-057, Finding No. 1	Child Nutrition Cluster (CFDA Nos. 10.553 and 10.555) - Special Tests and Provisions - Net Cash Resources	Net cash resources exceeded three months' average expenditures for the food service program.	Not Corrected.	See current year finding.

**EXHIBIT A
MANAGEMENT'S RESPONSE**



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December 1, 2014

David W. Martin, CPA
Auditor General
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

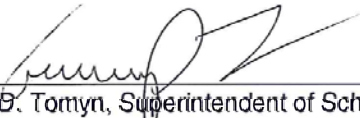
In response to the auditors' comments relative to the Federal financial assistance audit of our District, we offer the following:

Finding #2014-001 –Net Cash Resources (CFDA Nos. 10.553 and 10.555)

The District has been in contact with representatives of the Florida Department of Agriculture and Consumer Services to ensure prudent spending down of the excess balance in order to limit the net cash resources to three months' average expenditures or less. The timeframe to complete the spending plan is flexible but we are working closely with the Department to develop a specific plan to reduce the excess in a timely manner. Estimated completion date cannot be determined at this time but is being addressed with the Department.

Contact Person: Susan Johnson, Supervisor, Food and Nutrition Services

We appreciate your assistance and review of our systems and look forward to working together to continually improve our District.


George D. Tomy, Superintendent of Schools


Theresa Boston-Ellis, Executive Director of Business Services


Alice A. Posada, Director of Finance

George D. Tomy
Superintendent

Nancy Stacy
District 1

Carol Ely
District 2

Bobby L. James
District 3

Angie Boynton
District 4

Kelly King
District 5

– An Equal Opportunity School District & Drug-Free Workplace –

SAVE-A-FRIEND Hotline 1-877-7FRIEND



The School Board of Marion County, Florida

AN EQUAL OPPORTUNITY SCHOOL DISTRICT

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