

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD**

**Financial, Operational, and Federal Single
Audit**

For the Fiscal Year Ended
June 30, 2014



BOARD MEMBERS AND SUPERINTENDENT

Board members and the Superintendent who served during the 2013-14 fiscal year are listed below:

	<u>District No.</u>
Darren Driver, Chair to 11-18-13	1
Jeff Walker	2
Timothy L. Pearson, Vice Chair	3
Amanda Hickman, Chair from 11-19-13	4
Reba Trawick	5

Robert (Robby) Edwards, Superintendent

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

The audit team leader was Courtney J. Carlsen, CPA, and the audit was supervised by Philip B. Ciano, CPA. Please address inquiries regarding this report to Douglas R. Conner, CPA, Audit Manager, by e-mail at dougconner@aud.state.fl.us or by telephone at (850) 412-2730.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

LAFAYETTE COUNTY DISTRICT SCHOOL BOARD
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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

ADDITIONAL MATTER

Finding No. 1: Procurement procedures could be enhanced to provide for routine review of required statements of financial interests for consideration in making procurement decisions.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Special Education Cluster and Race-to-the-Top programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

Audit Objectives and Scope

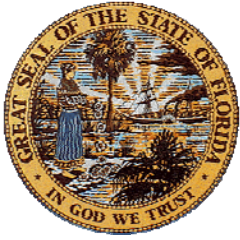
Our audit objectives were to determine whether the Lafayette County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;
- Established internal controls that promote and encourage: 1) compliance with applicable laws, rules, regulations, contracts, and grant agreements; 2) the economic and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and
- Taken corrective actions for findings included in our report No. 2014-110.

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2014. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America; applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133.



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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, each major fund, and the aggregate remaining fund information of the Lafayette 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 61 percent of the assets and 100 percent of the liabilities of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the school internal funds were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Lafayette County District School Board as of June 30, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, BUDGETARY COMPARISON SCHEDULE - GENERAL AND MAJOR SPECIAL REVENUE FUNDS, SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN, and NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report 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
February 6, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Lafayette County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 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:

- As of June 30, 2014, the assets exceed the liabilities by \$10,933,406 on the statement of net position.
- In total, net position decreased \$504,707, which represents a 4.4 percent decrease from the net position at June 30, 2013.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$1,247,352, an increase of \$216,682 in comparison with the prior fiscal year.
- At the end of the current fiscal year, the fund balance of the General Fund totals \$771,631, which is \$259,754 more than the prior fiscal year balance. The General Fund total assigned and unassigned fund balances was \$577,364, or approximately 6.7 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

All of the District's activities and services are reported in the government-wide financial statements as governmental activities. The District's governmental activities include instruction, student support services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes and State revenues finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entitywide perspective contained in the government-wide statements. All of the District's funds may be classified within one of the broad categories discussed below.

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General Fund, Special Revenue – Other Fund, Special Revenue – Federal Economic Stimulus Fund, and Capital Projects – Local Capital Improvement Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

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

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government’s financial health. The following is a summary of the District’s net position as of June 30, 2014, compared to net position as of June 30, 2013:

	Net Position, End of Year	
	Governmental	
	Activities	
	6-30-14	6-30-13
Current and Other Assets	\$ 1,321,732.51	\$ 1,239,902.75
Capital Assets	11,535,031.22	12,102,783.37
Total Assets	12,856,763.73	13,342,686.12
Long-Term Liabilities	1,848,977.01	1,695,341.01
Other Liabilities	74,380.43	209,232.22
Total Liabilities	1,923,357.44	1,904,573.23
Net Position:		
Net Investment in Capital Assets	11,327,587.27	11,809,879.90
Restricted	658,661.36	657,980.17
Unrestricted Deficit	(1,052,842.34)	(1,029,747.18)
Total Net Position	\$ 10,933,406.29	\$ 11,438,112.89

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

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

The 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:

	Operating Results for the Fiscal Year Ended	
	Governmental	
	Activities	
	6-30-14	6-30-13
Program Revenues:		
Charges for Services	\$ 75,549.43	\$ 75,492.03
Operating Grants and Contributions	382,292.35	390,115.02
Capital Grants and Contributions	40,057.20	38,683.47
General Revenues:		
Property Taxes, Levied for Operational Purposes	1,504,456.89	1,586,064.34
Property Taxes, Levied for Capital Projects	378,142.04	379,870.11
Grants and Contributions Not Restricted to Specific Programs	7,951,748.29	7,066,055.56
Unrestricted Investment Earnings	2,000.48	2,300.73
Miscellaneous	87,568.30	79,231.37
Total Revenues	10,421,814.98	9,617,812.63
Functions/Program Expenses:		
Instruction	5,262,604.40	5,000,351.63
Student Personnel Services	444,013.81	514,399.24
Instructional Media Services	130,773.75	121,056.01
Instruction and Curriculum Development Services	237,607.74	376,576.93
Instructional Staff Training Services	193,605.77	231,085.56
Instruction Related Technology	259,778.22	201,518.07
School Board	272,128.57	227,309.07
General Administration	298,233.85	245,438.82
School Administration	614,719.61	452,891.67
Facilities Acquisition and Construction	106,857.15	19,880.00
Fiscal Services	239,894.92	259,900.25
Food Services	448,980.27	488,541.71
Central Services	2,355.94	2,167.67
Student Transportation Services	651,364.63	635,977.32
Operation of Plant	598,729.68	587,075.63
Maintenance of Plant	313,680.55	325,737.93
Administrative Technology Services	173,834.81	193,541.39
Unallocated Interest on Long-Term Debt	13,116.83	10,096.67
Unallocated Depreciation Expense	664,241.08	516,691.51
Total Functions/Program Expenses	10,926,521.58	10,410,237.08
Change in Net Position	(504,706.60)	(792,424.45)
Net Position - Beginning	11,438,112.89	12,230,537.34
Net Postion - Ending	\$ 10,933,406.29	\$ 11,438,112.89

The largest revenue source is the State of Florida (67.6 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District’s funding ability based on the local property tax base.

Grants and contributions not restricted to specific programs revenues increased by \$885,693, or 12.5 percent, primarily due to an increase in FEFP revenues from the State. FEFP revenues increased, in part, because the State increased the base student allocation in the current fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The total fund balances of governmental funds increased by \$216,682 during the fiscal year to \$1,247,352 at June 30, 2014. Approximately 34.4 percent of this amount is unassigned fund balance (\$429,129), which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form, inventories (\$11,952) and Fund B investments (\$2,295); 2) restricted for State required carryover programs (\$59,914), debt service payments (\$3,622), capital projects expenditures (\$458,721), food service expenditures (\$10,458), adult education expenditures (\$49,827), potential claims under the self-insurance plan (\$11,317), and other District purposes (\$61,883); and 3) assigned for Board-approved budget items (\$48,234) and funds set aside to cover self-insurance program deductibles (\$100,000).

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is \$429,129, while the total fund balance is \$771,631. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is approximately 6.7 percent of the total General Fund revenues, while total fund balance represents approximately 8.9 percent of total General Fund revenues. The fund balance of the District's General Fund increased by \$259,754 during the 2013-14 fiscal year, primarily because of the increase in FEFP revenues from the State.

The Special Revenue – Other Fund has a zero fund balance at the end of the current fiscal year. Because revenue is recognized to the extent that eligible expenditures have been incurred, this fund does not generally accumulate a fund balance. This fund accounted for \$719,689 in revenues and \$719,689 in expenditures and other financing uses for the 2013-14 fiscal year. This represents a decrease of \$129,704 from the previous fiscal year from a reduction in Federal funding through the Florida Department of Education.

The Special Revenue – Federal Economic Stimulus Fund also has a zero fund balance at the end of the 2013-14 fiscal year. Because revenue is recognized to the extent that eligible expenditures have been incurred, this fund also does not generally accumulate a fund balance. Revenues and expenditures were \$167,146 each for the 2013-14 fiscal year, an increase of \$136,809 from the 2012-13 fiscal year due to the District receiving additional Race-to-the-Top program funds in the current fiscal year.

The Capital Projects – Local Capital Improvement Fund has a fund balance of \$366,392, which is restricted for the acquisition, renovation and remodeling of capital assets, and debt service payments on a capital lease. During the 2013-14 fiscal year, the District used resources in this fund to make a payment on a capital lease for the purchase of two school buses, complete the kindergarten reroof project, and purchase of equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budgeted revenues and expenditures are in line with original budget amounts. Actual revenues are \$34,409 more than the final budgeted amounts, while actual expenditures are \$283,826 less than final budget amounts, primarily due to continued cost containment measures implemented by the District. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$318,238.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2014, is \$11,535,031 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; assets under capital lease; and audio visual materials and computer software. During the 2013-14 fiscal year, the District completed construction of a kindergarten reroof project, purchased equipment, and disposed of surplus capital assets. Additional information on the District's capital assets can be found in notes I.F.4 and I.I.C to the financial statements.

Long-Term Debt

At June 30, 2014, the District had total bonded debt outstanding of \$140,000. The bonds are backed by the full faith and credit of the State of Florida. The District had an outstanding obligation for a capital lease totaling \$67,444. Additional information on the District's long-term debt can be found in notes II.G through II.H to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

During the 2013-14 fiscal year, the District received an additional allocation from the State for salary increases. These funds are recurring for the 2014-15 fiscal year. In an environment of uncertain State revenue sources, the District will continue to closely monitor its financial condition. If future revenue allocations from the State decrease, the District will face challenges that may require changes to keep the District financially sound.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Lafayette County School Board, 363 NE Crawford Street, Mayo, Florida 32066-9248.

BASIC FINANCIAL STATEMENTS

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
June 30, 2014**

		Governmental Activities
ASSETS		
Cash and Cash Equivalents	\$	1,151,083.54
Investments		5,917.15
Due from Fiscal Agent		25,000.60
Deposits Receivable		100,000.00
Due from Other Agencies		27,778.95
Inventories		11,952.27
Capital Assets:		
Nondepreciable Capital Assets		251,838.93
Depreciable Capital Assets, Net		11,283,192.29
		11,283,192.29
TOTAL ASSETS		12,856,763.73
LIABILITIES		
Salaries and Benefits Payable		50,373.93
Payroll Deductions and Withholdings		10,142.50
Due to Other Agencies		180.00
Estimated Insurance Claims Payable		13,684.00
Long-Term Liabilities:		
Portion Due Within One Year		129,643.05
Portion Due After One Year		1,719,333.96
		1,719,333.96
TOTAL LIABILITIES		1,923,357.44
NET POSITION		
Net Investment in Capital Assets		11,327,587.27
Restricted for:		
State Required Carryover Programs		59,913.51
Debt Service		3,621.75
Capital Projects		458,720.93
Food Service		13,378.57
Other Purposes		123,026.60
Unrestricted		(1,052,842.34)
		(1,052,842.34)
TOTAL NET POSITION	\$	10,933,406.29

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Governmental Activities
Governmental Activities:				
Instruction	\$ 5,262,604.40	\$ 22,608.33	\$	\$ (5,239,996.07)
Student Personnel Services	444,013.81			(444,013.81)
Instructional Media Services	130,773.75			(130,773.75)
Instruction and Curriculum Development Services	237,607.74			(237,607.74)
Instructional Staff Training Services	193,605.77			(193,605.77)
Instruction Related Technology	259,778.22			(259,778.22)
School Board	272,128.57			(272,128.57)
General Administration	298,233.85			(298,233.85)
School Administration	614,719.61			(614,719.61)
Facilities Acquisition and Construction	106,857.15			(94,308.09)
Fiscal Services	239,894.92			(239,894.92)
Food Services	448,980.27	52,711.10	382,292.35	(13,976.82)
Central Services	2,355.94			(2,355.94)
Student Transportation Services	651,364.63	230.00		(651,134.63)
Operation of Plant	598,729.68			(598,729.68)
Maintenance of Plant	313,680.55			(313,680.55)
Administrative Technology Services	173,834.81			(173,834.81)
Unallocated Interest on Long-Term Debt	13,116.83			14,391.31
Unallocated Depreciation Expense*	664,241.08			(664,241.08)
Total Governmental Activities	\$ 10,926,521.58	\$ 75,549.43	\$ 382,292.35	\$ 40,057.20
General Revenues:				
Taxes:				
Property Taxes, Levied for Operational Purposes				
				1,504,456.89
Property Taxes, Levied for Capital Projects				
				378,142.04
Grants and Contributions Not Restricted to Specific Programs				
				7,951,748.29
Unrestricted Investment Earnings				
				2,000.48
Miscellaneous				
				87,568.30
Total General Revenues				9,923,916.00
Change in Net Position				(504,706.60)
Net Position - Beginning				11,438,112.89
Net Position - Ending				\$ 10,933,406.29

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

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014**

	General Fund	Special Revenue - Other Fund	Special Revenue - Federal Economic Stimulus Fund
ASSETS			
Cash and Cash Equivalents	\$ 684,339.43	\$ 5,000.21	\$
Investments	2,295.40		
Due from Fiscal Agent	25,000.60		
Deposits Receivable	100,000.00		
Due from Other Funds	8,839.21		
Due from Other Agencies	16,505.06	3,839.00	
Inventories	9,031.56		
TOTAL ASSETS	\$ 846,011.26	\$ 8,839.21	\$ 0.00
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salaries and Benefits Payable	\$ 50,373.93	\$	\$
Payroll Deductions and Withholdings	10,142.50		
Due to Other Funds		8,839.21	
Due to Other Agencies	180.00		
Estimated Insurance Claims Payable	13,684.00		
Total Liabilities	74,380.43	8,839.21	
Fund Balances:			
Nonspendable:			
Inventories	9,031.56		
Fund B Investments	2,295.40		
Total Nonspendable Fund Balance	11,326.96		
Restricted for:			
State Required Carryover Programs	59,913.51		
Debt Service			
Capital Projects			
Food Service			
Adult Education Programs	49,826.51		
Self-Insurance	11,316.60		
Other Purposes	61,883.49		
Total Restricted Fund Balance	182,940.11		
Assigned for:			
Board Approved Budget Items	48,234.48		
Self-Insurance	100,000.00		
Total Assigned Fund Balance	148,234.48		
Unassigned Fund Balance	429,129.28		
Total Fund Balances	771,630.83		
TOTAL LIABILITIES AND FUND BALANCES	\$ 846,011.26	\$ 8,839.21	\$ 0.00

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 366,391.63	\$ 95,352.27 3,621.75	\$ 1,151,083.54 5,917.15 25,000.60 100,000.00 8,839.21 27,778.95 11,952.27
<u>366,391.63</u>	<u>109,329.62</u>	<u>1,330,571.72</u>
\$	\$	\$ 50,373.93 10,142.50 8,839.21 180.00 13,684.00
		<u>83,219.64</u>
	2,920.71	11,952.27 2,295.40
	<u>2,920.71</u>	<u>14,247.67</u>
366,391.63	3,621.75 92,329.30 10,457.86	59,913.51 3,621.75 458,720.93 10,457.86 49,826.51 11,316.60 61,883.49
<u>366,391.63</u>	<u>106,408.91</u>	<u>655,740.65</u>
		48,234.48 100,000.00
		<u>148,234.48</u>
		<u>429,129.28</u>
366,391.63	109,329.62	1,247,352.08
<u>\$ 366,391.63</u>	<u>\$ 109,329.62</u>	<u>\$ 1,330,571.72</u>

LAFAYETTE 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 \$ 1,247,352.08

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 11,535,031.22

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

Capital Lease Payable	\$ 67,443.95	
Bonds Payable	140,000.00	
Compensated Absences Payable	693,133.06	
Other Postemployment Benefits Payable	948,400.00	(1,848,977.01)
		(1,848,977.01)

Net Position - Governmental Activities \$ 10,933,406.29

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

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**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014**

	General Fund	Special Revenue - Other Fund	Special Revenue - Federal Economic Stimulus Fund
Revenues			
Intergovernmental:			
Federal Direct	\$ 38,717.46	\$	\$
Federal Through State and Local	29,251.57	718,727.33	167,145.86
State	6,997,906.07		
Local:			
Property Taxes	1,504,456.89		
Charges for Services - Food Service			
Miscellaneous	110,585.95	961.91	
Total Local Revenues	<u>1,615,042.84</u>	<u>961.91</u>	
Total Revenues	<u>8,680,917.94</u>	<u>719,689.24</u>	<u>167,145.86</u>
Expenditures			
Current - Education:			
Instruction	4,781,605.39	324,055.27	721.34
Student Personnel Services	304,904.99	134,183.48	
Instructional Media Services	127,252.60		
Instruction and Curriculum Development Services	112,836.97	127,959.16	
Instructional Staff Training Services	82,048.52	94,978.80	10,858.50
Instruction Related Technology	166,102.97		91,001.69
School Board	266,140.44		
General Administration	221,992.71	38,510.02	33,414.22
School Administration	562,500.55		28,179.31
Facilities Acquisition and Construction	525.00		
Fiscal Services	234,799.25		
Food Services			
Central Services	2,344.47		
Student Transportation Services	585,844.00		
Operation of Plant	593,652.72		
Maintenance of Plant	307,821.36		
Administrative Technology Services	170,914.61		
Capital Outlay:			
Facilities Acquisition and Construction			
Other Capital Outlay	36,347.02		2,970.80
Debt Service:			
Principal			
Interest and Fiscal Charges			
Total Expenditures	<u>8,557,633.57</u>	<u>719,686.73</u>	<u>167,145.86</u>
Excess of Revenues Over Expenditures	<u>123,284.37</u>	<u>2.51</u>	
Other Financing Sources (Uses)			
Transfers In	136,469.50		
Transfers Out		(2.51)	
Total Other Financing Sources (Uses)	<u>136,469.50</u>	<u>(2.51)</u>	
Net Change in Fund Balances	259,753.87		
Fund Balances, Beginning	<u>511,876.96</u>		
Fund Balances, Ending	<u>\$ 771,630.83</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$
	375,011.35	38,717.46
	47,338.20	1,290,136.11
		7,045,244.27
378,142.04		1,882,598.93
	52,711.10	52,711.10
467.11	392.14	112,407.11
<u>378,609.15</u>	<u>53,103.24</u>	<u>2,047,717.14</u>
<u>378,609.15</u>	<u>475,452.79</u>	<u>10,421,814.98</u>
		5,106,382.00
		439,088.47
		127,252.60
		240,796.13
		187,885.82
		257,104.66
		266,140.44
		293,916.95
		590,679.86
		525.00
		234,799.25
	444,245.23	444,245.23
		2,344.47
		585,844.00
		593,652.72
		307,821.36
		170,914.61
189,387.01		189,387.01
26,658.58	1,800.10	67,776.50
65,459.52	20,000.00	85,459.52
<u>4,029.01</u>	<u>9,087.82</u>	<u>13,116.83</u>
<u>285,534.12</u>	<u>475,133.15</u>	<u>10,205,133.43</u>
<u>93,075.03</u>	<u>319.64</u>	<u>216,681.55</u>
		136,469.50
<u>(136,466.99)</u>		<u>(136,469.50)</u>
<u>(136,466.99)</u>		
(43,391.96)	319.64	216,681.55
<u>409,783.59</u>	<u>109,009.98</u>	<u>1,030,670.53</u>
<u>\$ 366,391.63</u>	<u>\$ 109,329.62</u>	<u>\$ 1,247,352.08</u>

**LAFAYETTE 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 \$ 216,681.55

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year. (461,420.00)

The undepreciated cost of capital assets disposed of during the period is reported in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the assets disposed of. (106,332.15)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments in the current fiscal year:

Capital Lease Payments	\$ 65,459.52	
Bond Payments	<u>20,000.00</u>	85,459.52

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the fiscal 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. (84,195.52)

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. (154,900.00)

Change in Net Position - Governmental Activities \$ (504,706.60)

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
FIDUCIARY FUNDS
June 30, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 169,484.00</u>
LIABILITIES	
Internal Accounts Payable	<u>\$ 169,484.00</u>

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

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

B. Reporting Entity

The Lafayette County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education, and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Lafayette 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 these criteria, no component units are included within the District's reporting entity.

C. Basis of Presentation: Government-wide Financial Statements

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

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

D. Basis of Presentation: Fund Financial Statements

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

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 – Other Fund – to account for certain Federal grant program resources.
- 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 capital leases for school buses.

Additionally, the District reports the following fiduciary fund type:

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

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, transfers between the funds are eliminated in the government-wide financial statements.

E. Basis of Accounting

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

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

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 30 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 30 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

F. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be demand deposits and short-term, highly liquid investments with original maturities of three months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool.

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

2. Investments

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys, and amounts placed with the SBA for participation in the Florida PRIME and Fund B Surplus Funds Trust Fund (Fund B) investment pools created by Sections 218.405 and 218.417, Florida Statutes. 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.

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

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.

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

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at last invoice, which approximates the first-in, first-out basis, except that the 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 purchased during the year and are adjusted at year-end to reflect year-end physical inventories.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other Than Buildings	10 - 35 years
Buildings and Fixed Equipment	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	5 - 10 years
Assets Under Capital Lease	10 years
Audio Visual Materials and Computer Software	5 years

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

5. 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.

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

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

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

6. Net Position Flow Assumption

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

7. 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.

8. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District did not have any committed fund balances at 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 has by resolution authorized the director of financial services to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

The State provides financial assistance to administer certain educational programs. 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 a subsequent note.

3. District Property Taxes

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

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

The Board adopted the 2013 tax levy on September 3, 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. Because any delinquent taxes collected after June 30, 2014, would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

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

4. Federal Revenue Sources

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

5. Compensated Absences

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

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

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

B. Investments

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

Investments	Maturities	Fair Value
State Board of Administration:		
Florida PRIME (1)	40 Day Average	\$ 31,403.86
Fund B	2.86 Year Average	2,295.40
Debt Service Accounts	6 Months	3,621.75
Total Investments		\$ 37,321.01

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

➤ Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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

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

**LAFAYETTE COUNTY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

The District’s investment in Florida PRIME is rated AAAM by Standard & Poor’s. Fund B is unrated.

C. Changes in Capital Assets

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 251,838.93	\$	\$	\$ 251,838.93
Land Improvements (1)	97,782.15		97,782.15	
Construction in Progress (2)	47,253.60	189,387.01	236,640.61	
Total Capital Assets Not Being Depreciated	396,874.68	189,387.01	334,422.76	251,838.93
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	902,365.21			902,365.21
Buildings and Fixed Equipment (2)	18,827,841.63	228,090.61		19,055,932.24
Furniture, Fixtures, and Equipment	1,214,074.94	67,776.50	115,574.35	1,166,277.09
Motor Vehicles	967,718.51			967,718.51
Assets Under Capital Lease	202,654.20			202,654.20
Audio Visual Materials and Computer Software	114,994.72		7,766.50	107,228.22
Total Capital Assets Being Depreciated	22,229,649.21	295,867.11	123,340.85	22,402,175.47
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	671,466.49	21,439.30		692,905.79
Buildings and Fixed Equipment	8,088,608.90	543,606.66		8,632,215.56
Furniture, Fixtures, and Equipment	908,137.81	89,716.24	115,574.35	882,279.70
Motor Vehicles	755,915.26	34,077.01		789,992.27
Assets Under Capital Lease		20,265.42		20,265.42
Audio Visual Materials and Computer Software	99,612.06	9,478.88	7,766.50	101,324.44
Total Accumulated Depreciation	10,523,740.52	718,583.51	123,340.85	11,118,983.18
Total Capital Assets Being Depreciated, Net	11,705,908.69	(422,716.40)		11,283,192.29
Governmental Activities Capital Assets, Net	\$ 12,102,783.37	\$ (233,329.39)	\$ 334,422.76	\$ 11,535,031.22

Notes: (1) During the 2013-14 fiscal year, the District deleted \$97,782.15 in land improvements for items that should have been expensed in prior years.

(2) During the 2013-14 fiscal year, the District deleted \$8,550 in architect fees from construction in progress for a project not expected to be completed. As a result, capital outlay expenditures on the statement of revenues, expenditures, and changes in fund balances exceed additions to capital assets, less deletions to construction in progress, by \$8,550.

The class of property under capital lease is presented in note II.G.

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 54,342.43
Unallocated	664,241.08
Total Depreciation Expense - Governmental Activities	\$ 718,583.51

D. 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 and 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

**LAFAYETTE COUNTY
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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:

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 years ended June 30, 2012, June 30, 2013, and June 30, 2014, totaled \$437,700.48, \$445,874.66, and \$612,899.69, respectively, which were equal to the required contributions for each fiscal year.

There were 18 District participants in the Investment Plan during the 2013-14 fiscal year. The District’s contributions including employee contributions to the Investment Plan totaled \$65,589.85, 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 Financial 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 Management 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 e-mail at rep@dms.myflorida.com; or at the Division’s Web site (www.frs.myflorida.com).

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DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

E. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, and life insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Additionally, the District pays a portion of the cost of healthcare benefits for certain retired former employees (explicitly subsidized). Pursuant to the current instructional and school-related employee contracts, current employees, who retire within the first year of eligibility (30 years of service or age 62 and vested with the FRS) and file a Notice of Intent to Retire within the designated timelines, are eligible to receive the benefit. The benefits provided under this defined benefit plan continue until the employees reach 65 years of age or become eligible for the Federal Medicare program, whichever comes first. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or other entity.

Funding Policy. Plan contribution requirements of the District and OPEB Plan members are established and may be amended through 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, 37 retirees received other postemployment benefits. The District provided required contributions of \$68,400 toward the annual OPEB cost, net of retiree contributions totaling \$82,354, which represents 1.4 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:

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DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Description	Amount
Normal Cost (service cost for one year)	\$ 114,300
Amortization of Unfunded Actuarial Accrued Liability	105,900
Interest on Normal Cost and Amortization	4,400
Annual Required Contribution	224,600
Interest on Net OPEB Obligation	31,700
Adjustment to Annual Required Contribution	(33,000)
Annual OPEB Cost (Expense)	223,300
Contribution Toward the OPEB Cost	(68,400)
Change in Net OPEB Obligation	154,900
Net OPEB Obligation, Beginning of Year	793,500
Net OPEB Obligation, End of Year	\$ 948,400

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	\$ 275,600	38.0%	\$ 621,200
2012-13	287,900	40.2%	793,500
2013-14	223,300	30.6%	948,400

Funded Status and Funding Progress. As of July 1, 2013, the most recent valuation date, the actuarial accrued liability for benefits was \$2,593,700, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$2,593,700 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$6,045,373, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 42.9 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.

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

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 July 1, 2013, used the projected unit credit cost method to estimate the unfunded actuarial liability as of June 30, 2014, and 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 included a general inflation rate of 2.5 percent, a payroll growth rate of 2.5 percent per year, and an annual healthcare cost trend rate of 9 percent initially for the 2013-14 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 5 percent after eight years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

F. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in a group self-insurance program administered by the Florida School Boards Association, Inc. The District's covered risks related to comprehensive property and liability insurance, general liability, workers' compensation, money and securities, and employees' fidelity and faithful performance are included in the group program. The program is self-sustaining through member assessments (premiums) and purchases coverage through commercial companies for claims in excess of specified amounts.

The District also participates in supplemental employee group insurance programs administered through the North East Florida Educational Consortium (Consortium) for life, dental, vision, disability, and accidental death and dismemberment. The Consortium is governed by a board of directors composed of the superintendents of participating school districts. The Consortium is self-sustaining through member assessments (premiums) and purchases coverage through commercial companies for claims in excess of specified amounts. The Consortium offices are located in Putnam County, and the Putnam County District School Board is the fiscal agent. Premiums charged to the districts are based on each individual district's claims experience, and the program operates as an individually-funded plan by each participating district with shared administrative costs and a pooling of plan assets for working capital. Accordingly, the District reports the District's estimated liability for unpaid claims. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such risk management programs.

A liability in the amount of \$13,684 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2014.

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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	\$ 16,046.47	\$ 152,471.11	\$ (154,089.58)	\$ 14,428.00
2013-14	14,428.00	136,312.32	(137,056.32)	13,684.00

The District's health and hospitalization coverage is 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.

G. Capital Lease Payable

Two school busses with a total cost of \$202,645.20 are being acquired under a capital lease agreement at a stated interest rate of 3.03 percent. The final capital lease payment of \$69,488.53, consisting of \$67,443.95 principal and \$2,044.58 interest, are payable in the 2014-15 fiscal year.

H. Long-Term Liabilities

1. Bonds Payable

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

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
State School Bonds: Series 2005B, Refunding	\$ 140,000	5	2020

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

**LAFAYETTE 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	\$ 27,000	\$ 20,000	\$ 7,000
2016	26,000	20,000	6,000
2017	30,000	25,000	5,000
2018	28,750	25,000	3,750
2019	27,500	25,000	2,500
2020	26,250	25,000	1,250
Total State School Bonds	<u>\$ 165,500</u>	<u>\$ 140,000</u>	<u>\$ 25,500</u>

2. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
GOVERNMENTAL ACTIVITIES					
Capital Lease Payable	\$ 132,903.47	\$	\$ 65,459.52	\$ 67,443.95	\$ 67,443.95
Bonds Payable	160,000.00		20,000.00	140,000.00	20,000.00
Compensated Absences Payable	608,937.54	98,781.75	14,586.23	693,133.06	42,199.10
Other Postemployment Benefits Payable	793,500.00	223,300.00	68,400.00	948,400.00	
Total Governmental Activities	<u>\$ 1,695,341.01</u>	<u>\$ 322,081.75</u>	<u>\$ 168,445.75</u>	<u>\$ 1,848,977.01</u>	<u>\$ 129,643.05</u>

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

I. 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.

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

J. 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	\$ 8,839.21	\$
Special Revenue:		
Other		8,839.21
Total	\$ 8,839.21	\$ 8,839.21

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

K. Revenues

1. Schedule of State Revenue Sources

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

Source	Amount
Florida Education Finance Program	\$ 5,365,979.00
Categorical Educational Program - Class Size Reduction	1,226,113.00
Voluntary Prekindergarten Program	69,935.91
Workforce Development Program	54,496.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	40,664.58
Discretionary Lottery Funds	10,753.00
Food Service Supplement	7,281.00
Mobile Home License Tax	3,613.92
Miscellaneous	266,407.86
Total	\$ 7,045,244.27

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

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

2. Property Taxes

The following is a summary of millages and taxes levied on the 2013 tax roll for the 2013-14 fiscal year:

<u>GENERAL FUND</u>	<u>Millages</u>	<u>Taxes Levied</u>
Nonvoted School Tax:		
Required Local Effort	5.221	\$ 1,365,185
Basic Discretionary Local Effort	0.748	195,587
 <u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvements	<u>1.500</u>	<u>392,219</u>
 Total	 <u>7.469</u>	 <u>\$ 1,952,991</u>

Accounting policies related to District property tax revenues are described in note I.G.3.

L. Interfund Transfers

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 136,469.50	\$
Special Revenue:		
Other		2.51
Capital Projects:		
Local Capital Improvement		<u>136,466.99</u>
 Total	 <u>\$ 136,469.50</u>	 <u>\$ 136,469.50</u>

Funds were primarily used to reimburse the General Fund for property casualty insurance premiums.

III. LOSS CONTINGENCIES

The District received financial assistance from Federal and State agencies in the form of grants and appropriations. The disbursement of funds received under these programs generally requires compliance with specified terms and conditions and is subject to final determination by the applicable Federal and State agencies. Any disallowed claims (questioned costs) could become a liability of the General Fund or other applicable funds. The questioned costs identified in the audit of Federal programs for the fiscal year ended June 30, 2012, totaled \$157,799.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2014**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	\$	\$ 38,717.46	\$ 38,717.46	\$
Federal Through State and Local	25,000.00	29,251.57	29,251.57	
State	6,766,317.38	6,993,978.59	6,997,906.07	3,927.48
Local:				
Property Taxes	1,478,160.00	1,478,160.00	1,504,456.89	26,296.89
Miscellaneous	25,000.00	106,400.87	110,585.95	4,185.08
Total Local Revenues	<u>1,503,160.00</u>	<u>1,584,560.87</u>	<u>1,615,042.84</u>	<u>30,481.97</u>
Total Revenues	<u>8,294,477.38</u>	<u>8,646,508.49</u>	<u>8,680,917.94</u>	<u>34,409.45</u>
Expenditures				
Current - Education:				
Instruction	4,853,398.51	4,942,436.77	4,781,605.39	160,831.38
Student Personnel Services	298,589.98	307,370.23	304,904.99	2,465.24
Instructional Media Services	151,413.42	137,790.96	127,252.60	10,538.36
Instruction and Curriculum Development Services	111,130.38	115,463.84	112,836.97	2,626.87
Instructional Staff Training Services	48,627.12	89,942.10	82,048.52	7,893.58
Instruction Related Technology	133,643.01	199,690.59	166,102.97	33,587.62
School Board	264,673.96	276,047.81	266,140.44	9,907.37
General Administration	201,939.38	223,012.38	221,992.71	1,019.67
School Administration	544,816.00	564,396.70	562,500.55	1,896.15
Facilities Acquisition and Construction	14,525.74	18,158.44	525.00	17,633.44
Fiscal Services	234,707.68	237,819.00	234,799.25	3,019.75
Central Services	2,220.00	2,560.00	2,344.47	215.53
Student Transportation Services	591,600.12	599,280.29	585,844.00	13,436.29
Operation of Plant	592,275.00	598,616.71	593,652.72	4,963.99
Maintenance of Plant	194,031.00	312,882.20	307,821.36	5,060.84
Administrative Technology Services	105,942.00	174,879.00	170,914.61	3,964.39
Capital Outlay:				
Other Capital Outlay	8,487.96	41,112.12	36,347.02	4,765.10
Total Expenditures	<u>8,352,021.26</u>	<u>8,841,459.14</u>	<u>8,557,633.57</u>	<u>283,825.57</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(57,543.88)</u>	<u>(194,950.65)</u>	<u>123,284.37</u>	<u>318,235.02</u>
Other Financing Sources (Uses)				
Transfers In		136,466.99	136,469.50	2.51
Transfers Out				
Total Other Financing Sources (Uses)		<u>136,466.99</u>	<u>136,469.50</u>	<u>2.51</u>
Net Change in Fund Balances	<u>(57,543.88)</u>	<u>(58,483.66)</u>	<u>259,753.87</u>	<u>318,237.53</u>
Fund Balances, Beginning	511,876.96	511,876.96	511,876.96	
Fund Balances, Ending	<u>\$ 454,333.08</u>	<u>\$ 453,393.30</u>	<u>\$ 771,630.83</u>	<u>\$ 318,237.53</u>

Special Revenue - Other Fund				Special Revenue - Federal Economic Stimulus Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ 43,297.61	\$ 797,892.79	\$ 718,727.33	\$ (79,165.46)	\$ 87,388.47	\$ 171,558.41	\$ 167,145.86	\$ (4,412.55)
	961.91	961.91					
	961.91	961.91					
43,297.61	798,854.70	719,689.24	(79,165.46)	87,388.47	171,558.41	167,145.86	(4,412.55)
34,020.77	362,500.54	324,055.27	38,445.27	13,027.00	721.34	721.34	
2,887.11	138,297.53	134,183.48	4,114.05				
3,671.31	138,997.49	127,959.16	11,038.33				
2,554.92	116,387.83	94,978.80	21,409.03	21,086.15	14,492.48	10,858.50	3,633.98
				21,140.88	91,043.13	91,001.69	41.44
163.50	40,730.23	38,510.02	2,220.21	4,099.08	33,646.43	33,414.22	232.21
				4,049.86	28,684.03	28,179.31	504.72
				1,000.00			
	1,938.57		1,938.57	22,985.50	2,971.00	2,970.80	0.20
43,297.61	798,852.19	719,686.73	79,165.46	87,388.47	171,558.41	167,145.86	4,412.55
	2.51	2.51					
	(2.51)	(2.51)					
	(2.51)	(2.51)					
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**LAFAYETTE COUNTY
DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - (1) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
July 1, 2009	\$ 0	\$ 3,990,900	\$ 3,990,900	0.0%	\$ 5,754,400	69.4%
July 1, 2011	0	3,199,200	3,199,200	0.0%	5,837,400	54.8%
July 1, 2013	0	2,593,700	2,593,700	0.0%	6,045,373	42.9%

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

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

I. BUDGETARY BASIS OF ACCOUNTING

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

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

II. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

The July 1, 2013, unfunded actuarial accrued liability of \$2,593,700 was significantly lower than the July 1, 2011, liability of \$3,199,200 as a result of benefit changes and other changes in liabilities and costs as discussed below:

- The claim costs have been updated to reflect the most recent premium rates.
- The termination and retirement tables have been updated to be consistent with the July 1, 2013, Florida Retirement System (FRS) actuarial valuation.
- FRS retirement eligibilities have been updated based on the Tier I (hired prior to July 1, 2011) and Tier II (hired on or after July 1, 2011) requirements.

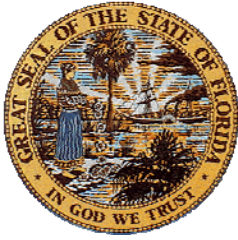
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**LAFAYETTE 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:			
Child Nutrition Cluster:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	13002	\$ 76,043.61
National School Lunch Program	10.555 (2)	13001	304,764.94
Summer Food Service Program for Children	10.559	13006, 13007	4,551.12
Total United States Department of Agriculture			385,359.67
United States Department of Education:			
Direct:			
Teacher Incentive Fund	84.374	N/A	38,717.46
Indirect:			
Florida Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	263	243,839.00
Special Education - Preschool Grants	84.173	267	12,293.86
Total Special Education Cluster			256,132.86
Adult Education - Basic Grants to States	84.002	191	45,690.40
Title I Grants to Local Educational Agencies	84.010	212	281,139.21
Migrant Education - State Grant Program	84.011	217	26,501.70
Career and Technical Education - Basic Grants to States	84.048	161	27,061.27
Education for Homeless Children and Youth	84.196	127	23,042.52
Rural Education	84.358	110	20,564.26
Improving Teacher Quality State Grants	84.367	224	39,554.51
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RD211, RG311, RG411, RL111	167,145.86
Total Indirect			886,832.59
Total United States Department of Education			925,550.05
Total Expenditures of Federal Awards			\$ 1,310,909.72

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 \$32,597.08 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.



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, each major fund, and the aggregate remaining fund information of the Lafayette 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 February 6, 2015, 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, as described in our report on the District's financial statements. The financial statements of the school internal funds were not audited in accordance with *Government Auditing Standards*.

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 a certain additional matter that is discussed in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report.

Management's response to the finding described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on it.

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.

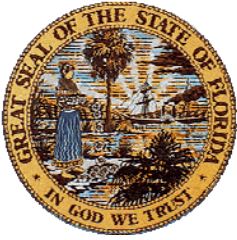
Respectfully submitted,



David W. Martin, CPA

Tallahassee, Florida

February 6, 2015



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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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 Lafayette 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
February 6, 2015

**LAFAYETTE 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?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	
CFDA Numbers:	Name of Federal Program or Cluster:
84.027 and 84.173	Special Education Cluster
84.395	ARRA – State Fiscal Stabilization Funds (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

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

ADDITIONAL MATTER

Finding No. 1: Purchasing Procedures

Board-adopted policies prohibit conflicts of interest and the District had certain procedures to reduce the risk of contractual relationships that cause conflicts of interest. For example, due to the relatively small size of the District, the Superintendent and the Director of Finance review and approve all purchase requisitions; the Superintendent, Board Chair, and Director of Finance approve each purchase order issued; and the Superintendent and Board Chair review every check written by the District and indicate their review by signing the check register.

The Superintendent, Board members, and Director of Finance were required to file a statement of financial interests pursuant to Section 112.3145, Florida Statutes; although, the Director of Finance inadvertently did not file the required statement. However, District procedures did not require that personnel responsible for procurement decisions review the statements.

Subsequent to our inquiry in October 2014, the Director of Finance reviewed the most recent required statements of financial interests of the Superintendent and Board members and noted no apparent conflicts of interest. Providing for routine review of required statements of financial interests by personnel responsible for procurement decisions would enhance the District's procurement practices and reduce the risk of questioned procurement transactions or contractual obligations.

Recommendation: The District should strengthen its procedures to ensure that employees file required statements of financial interests and provide for routine review of the statements by personnel responsible for making procurement decisions.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2014-110.

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*LAFAYETTE 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
2013-096 (1)	Even Start - State Educational Agencies (CFDA No. 84.213) - Matching, Level of Effort, Earmarking - Matching	District records did not evidence that the Even Start program matching requirements were met, resulting in \$157,799 of questioned costs.	Not Corrected.	Documentation has been sent to the grantor, and the District is currently awaiting a response.

EXHIBIT A
MANAGEMENT'S RESPONSE



Lafayette County School Board

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ROBERT EDWARDS
SUPERINTENDENT

February 4, 2015

Mr. David W. Martin, CPA
Office of the Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32302

Dear Mr. Martin:

I am in receipt of the preliminary and tentative findings for the fiscal year ending June 30, 2014. The response to the findings is as follows:

Purchasing Procedures: The District will strengthen its procedures to ensure that employees file required statements of financial interests pursuant to Section 112.3145. The Director Finance will continue to provide a routine review of the statements of financial interests for consideration in making procurement decisions.

I wish to commend Courtney Carlsen and Micah Rogers from the Gainesville Division for conducting this audit in a very timely and professional manner. We value their knowledge and expertise relating to school operations.

Sincerely,

Robert Edwards
Superintendent of Schools

RE/tmm

DARREN DRIVER
DISTRICT ONE

JEFF WALKER
DISTRICT TWO

MARION C. McCRAY
DISTRICT THREE

AMANDA HICKMAN
DISTRICT FOUR

TAYLOR McGREW
DISTRICT FIVE

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