Financial Statements
and Other Financial Information

Leon County District School Board
Tallahassee, Florida

Year ended June 30, 2015
with Report of Independent Auditors

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Report of Independent Auditors

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Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management of the District 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, Section 218.39, *Florida Statutes* and Chapter 10.800, *Rules of the Auditor General* for District School Board Audits. Management is also responsible for 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the component unit columns. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Leon County School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison statements of the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America, Section 218.39, *Florida Statutes* and Chapter 10.800, *Rules of the Auditor General* for School District Audits.

Emphasis of Matter

As discussed in Note 2, The District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is a change in accounting principle that requires an employer participating in a cost-sharing multiple-employer defined benefit pension plan to report the employer's proportionate share of the net pension liability of the defined benefit pension plan. This affects the comparability of amounts reported in the 2014-15 fiscal year with the amounts reported for the 2013-14 fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of Funding Progress – Other Postemployment Benefits Plan, Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan, Schedule of District Contributions – Florida Retirement System Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program, and Schedule of District Contributions – Health Insurance Subsidy Program, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs relating to federal awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of findings and questioned costs relating to 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 and schedule of findings and questioned costs relating to federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 15, 2016 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Thomas Howell Ferguson P.A.   Law, Redd, Crona & Munroe, P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 15, 2016

Law, Redd, Crona & Munroe P.A.
Tallahassee, Florida

As management of the Leon County District School Board (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year are as follows:

- The total Net Position is $131,258,790 which represents a 41.8 percent decrease from the 2013-2014 fiscal year. The primary reason for the decrease is attributable to the implementation of new accounting standards related to the reporting of pensions. The District participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans. The requirements of this Statement are being implemented prospectively, with the District reporting its proportionate share of the actuarially determined FRS and HIS liabilities of $79,984,708 and $52,491,902 respectively at July 1, 2014, date of transition, amortized over 30 years. As a result, the beginning net position of the District was decreased by $120,343,827 due to the adoption of this new accounting standard.
- Total revenues of $332.7 million were comprised of general revenues in the amount of $251.6 million, or 75.6 percent, and program specific revenues from charges for services and grants and contributions in the amount of $81.1 million or 24.3 percent.
- For the fiscal year ended June 30, 2015, the District had $311.2 million in expenses related to governmental activities; $21.5 million of which were offset by program specific charges for services, grants, and other sources. General revenues (primarily taxes and State funding programs) of $311.2 million were collected for the District's programs resulting in an increase in net position of $21.5 million.
- The unrestricted net position deficit of $221.6 million on the statement of net position represents the excess of current and long-term future financial liabilities over current financial resources, due primarily to the unfunded liability for compensated absences, pension, and other postemployment benefits.
- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of $164.8 million, a decrease of $7 million in comparison with the prior fiscal year. Approximately 7.5 percent of this total amount, $12.4 million, is available for spending at the District's discretion for the purposes defined for each governmental fund (unassigned fund balance).
- Based on General Fund expenditures for the 2014-2015 fiscal year of $258.1 million, the operating cost per day, assuming 260 days, was $992 thousand as compared to $978 thousand for the 2013-14 fiscal year, which resulted in an increase of 1.4 percent.
- At the end of the fiscal year, the unassigned fund balance for the General Fund is $12.4 million, or 4.8 percent of total General Fund expenditures.
- The District's long-term debt for bonds, certificates of participation, and notes payable decreased by $2.6 million, or 1.1 percent during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which consist of three components:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to financial statements.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the District presented on the accrual basis of accounting.

The statement of net position provides information about the District's assets and liabilities, with the difference between the two reported as net position. Assets less liabilities equal net position which is a measure of the District's financial health.

The statement of activities provides information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

All of the District's activities and services are reported in the government-wide financial statements as governmental activities, including instruction, student support services, instructional support services, administrative support services, facility maintenance, transportation, and food services. Property taxes, sales taxes, and State assistance finance most of these activities. Additionally, all capital and debt financing activities are reported as governmental activities. Business-type activities, which include functions that are intended to recover all or a significant portion of their costs through user fees and charges, includes the District's Permitting Office.

The government-wide financial statements include not only the District (known as the primary government), but also The Foundation for Leon County Schools, Inc., and the combined activities of the six legally separate charter schools. Financial information for these component units is reported separately from the financial information presented for the primary government. The Leon County District School Board Voluntary Employee Benefits Trust (Trust) and the Leon County School Board Leasing Corporation (Leasing Corporation), although also legally separate entities, were formed to administer the District's group health, life, and dental insurance program and facilitate financing for the acquisition of facilities and equipment, respectively. Due to the substantive economic relationships between the District and the Trust and Leasing Corporation, their financial activities have been included as an integral part of the primary government.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

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 government-wide 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 Federal Programs Fund, Capital Projects – District Bonds Fund, and Capital Projects – Other Capital Projects 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.

Proprietary Funds: Proprietary funds may be established to account for activities in which a fee is charged for services. The District's only proprietary fund is classified as an enterprise fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for the activities of the District Permitting Office.

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 a private-purpose trust fund to account for scholarship funds established by private donors.

The District uses an employee benefits trust fund to account for the financial resources of the Leon County District School Board Voluntary Employee Benefits Trust.

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. In the case of the District, assets exceeded liabilities by $131.2 million at the close of the most recent fiscal year. The net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position. For the Net Investment in Capital Assets, capital assets (e.g., land, buildings, machinery, and equipment), are stated at their cost at the time of acquisition, net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide educational and related services to its students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted net position is constrained by debt covenants, enabling legislation or other legal requirements. Unrestricted net position is the portion of net position that can be used to meet the District's ongoing obligations to citizens and creditors. The deficit in unrestricted net position is primarily due to four factors:

- The District has never budgeted the amount needed to fully finance liabilities arising from property and casualty claims. The District is self-insured for these claims up to specific limits.
- The District has never had the resources, currently available, to budget unused employee vacation and sick days.
- Implementation of Governmental Accounting Standards Board Statement No. 68 as previously discussed.
- Implementation of Governmental Accounting Standards Board Statement No. 45 reporting began with the fiscal year ending June 30, 2008. It requires the District to disclose a liability which represents the obligation for postemployment benefits for retirees. This is an implied amount and there currently is no available budget to fund the liability.

The intent of the government-wide statements is to provide a long-term outlook of the financial position of the District. The unrestricted net position's deficit of $221.6 million reflects the long-term requirement to pay for obligations that will become due in future years. For example, compensated absences liability totals $29.9 million. An estimated $3.2 million will be due and payable in the 2015-16 fiscal year.

The following is a summary of the District's net position as of June 30, 2015, compared to net position as of June 30, 2014:

Net Position, End of Year

	Governmental Activities		Business Activities		Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Current and Other Assets	$ 180,456,759	$ 188,882,283	$ 76,049	$ 109,949	$ 180,532,808	$ 188,992,232
Capital Assets	355,237,278	330,818,901	-	-	355,237,278	330,818,901
Total Assets	535,694,037	519,701,184	76,049	109,949	535,770,086	519,811,133
Total Deferred Outflows of Resources	20,002,128	-	-	-	20,002,128	-
Long Term Liabilities	359,169,898	277,181,027			359,169,898	277,181,027
Other Liabilities	14,121,825	17,040,786	300	4,237	14,122,125	17,045,023
Total Liabilities	373,291,723	294,221,813	300	4,237	373,292,023	294,226,050
Total Deferred Inflows of Resources	51,145,652	-	-	-	51,145,652	-
Net Position						
Net Investment of Capital Assets	200,957,008	179,990,141	-	-	200,957,008	179,990,141
Restricted	151,983,837	140,805,605	-	-	151,983,837	140,805,605
Unrestricted (Deficit)	(221,682,055)	(95,316,375)	75,749	105,712	(221,606,306)	(95,210,663)
Total Net Position	$ 131,258,790	$ 225,479,371	$ 75,749	$ 105,712	$ 131,334,539	$ 225,585,083

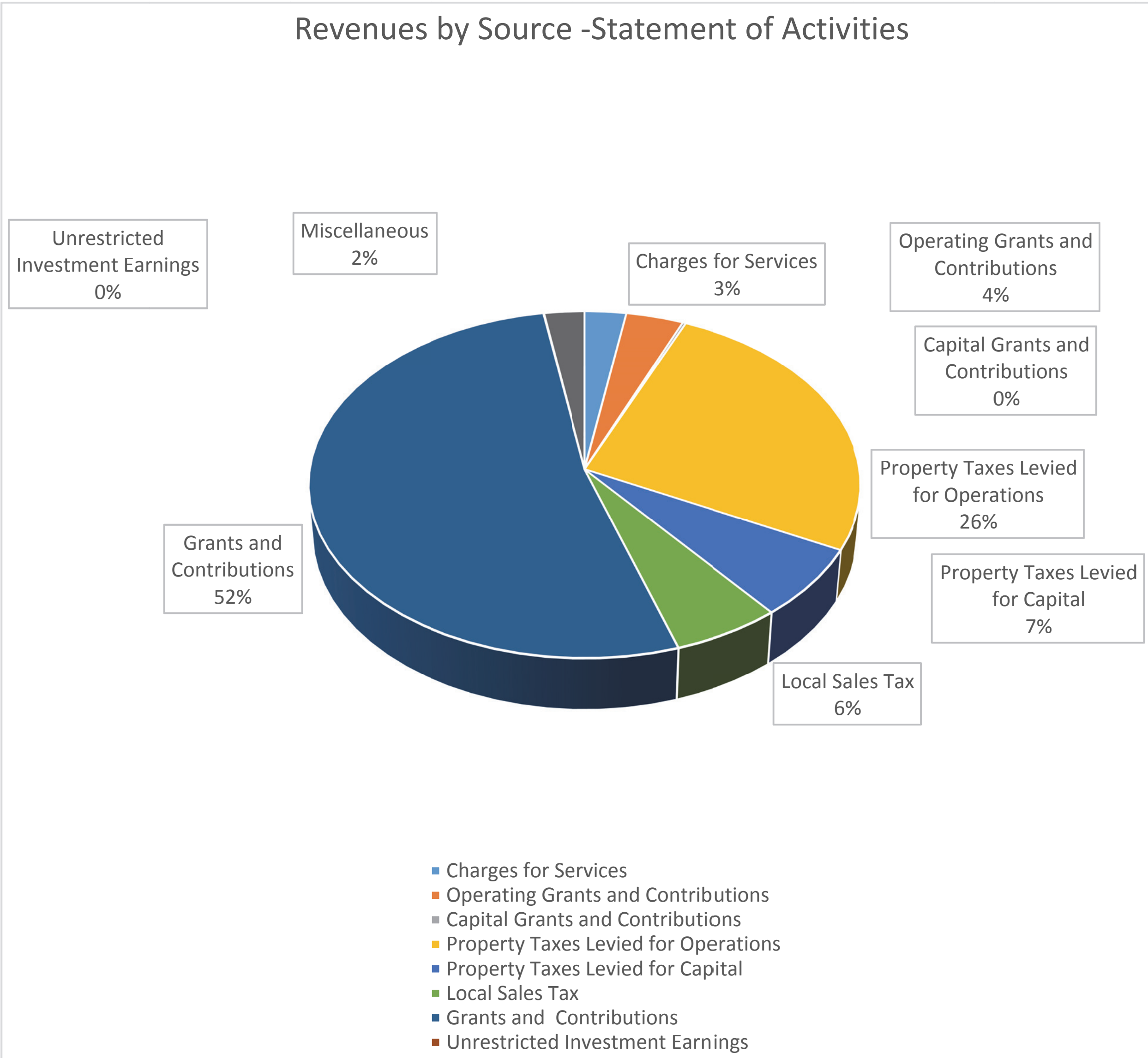
The District's net position increased in total by $21.5 million during the 2014-2015 fiscal year.

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

They key elements of the changes in the District's net positon for the fiscal years ended June 30, 2015, and June 30, 2014 are as follows:

Operating Results for the Fiscal Year End						
	Governmental Activities		Business Activities		Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Program Revenues:						
Charges for Services	$ 8,764,734	$ 9,381,390	$ 13,961	$ 33,092	$ 8,778,695	$ 9,414,482
Operating Grants and Contributions	12,115,072	10,700,909	-	-	12,115,072	10,700,909
Captial Grants and Contributions	664,206	1,360,784	-	-	664,206	1,360,784
General Revenues						-
Property Taxes, Operational	86,345,288	82,598,443	-	-	86,345,288	82,598,443
Property Taxes Capital	22,053,345	21,184,865	-	-	22,053,345	21,184,865
Local Sales Tax	19,937,353	19,580,272	-	-	19,937,353	19,580,272
Grants and Contributions Not						-
Restricted to Sepcific Programs	174,111,799	173,559,313	-	-	174,111,799	173,559,313
Unrestricted Investment Earnings	132,037	175,263	2,789	2,615	134,826	177,878
Miscellanous	8,639,347	8,389,640	-	-	8,639,347	8,389,640
Total Revenues	332,763,181	326,930,879	16,750	35,707	332,779,931	326,966,586
Functions/Program Expenses:						
Instruction	154,394,979	159,806,192	-	-	154,394,979	159,806,192
Student Personnel	9,446,201	10,403,068	-	-	9,446,201	10,403,068
Instructional Media Services	3,596,830	3,684,191	-	-	3,596,830	3,684,191
Instruction and Curriculum Developm	14,545,714	14,148,902	-	-	14,545,714	14,148,902
Instructional Staff Training Services	1,903,629	1,808,358	-	-	1,903,629	1,808,358
Instructions Related Technology	2,327,678	2,451,248	-	-	2,327,678	2,451,248
School Board	1,158,770	1,071,766	-	-	1,158,770	1,071,766
General Administration	3,032,868	2,977,390	-	-	3,032,868	2,977,390
School Administration	19,306,371	19,217,918	-	-	19,306,371	19,217,918
Facilities Acquisition and Constructio	1,224,214	2,832,029	-	-	1,224,214	2,832,029
Fiscal Services	2,182,373	2,468,569	-	-	2,182,373	2,468,569
Food Sevices	12,969,602	13,223,248	-	-	12,969,602	13,223,248
Central Services	6,633,304	6,462,243	-	-	6,633,304	6,462,243
Student Transportation Services	12,764,569	12,531,460	-	-	12,764,569	12,531,460
Operation of Plant	19,679,952	19,429,237	-	-	19,679,952	19,429,237
Maintenance of Plant	8,769,744	7,895,897	-	-	8,769,744	7,895,897
Administrative Technology Services	4,865,146	5,194,368	-	-	4,865,146	5,194,368
Community Services	7,066,741	7,103,081	-	-	7,066,741	7,103,081
Unallocated Interest on Long Term De	8,850,057	6,831,252	-	-	8,850,057	6,831,252
Unallocated Deprecation Expense	16,500,829	18,612,792	-	-	16,500,829	18,612,792
District Permitting Office	-	-	46,714	25,161	46,714	25,161
Total Functions/Program Expenses	311,219,571	318,153,209	46,714	25,161	311,266,285	318,178,370
Change in Net Position	21,543,610	8,777,670	(29,964)	10,546	21,513,646	8,788,216
Net Position -Beginning	225,479,371	218,308,018	105,712	95,166	225,585,083	218,403,184
Adjustment to Net Position	(115,764,191)	(1,606,317)	-	-	(115,764,191)	(1,606,317)
Net Position Beginning as Restated	109,715,180	216,701,701	105,712	95,166	109,820,892	216,796,867
Net Position Ending	$ 131,258,790	$ 225,479,371	$ 75,749	$ 105,712	$ 131,334,539	$ 225,585,083

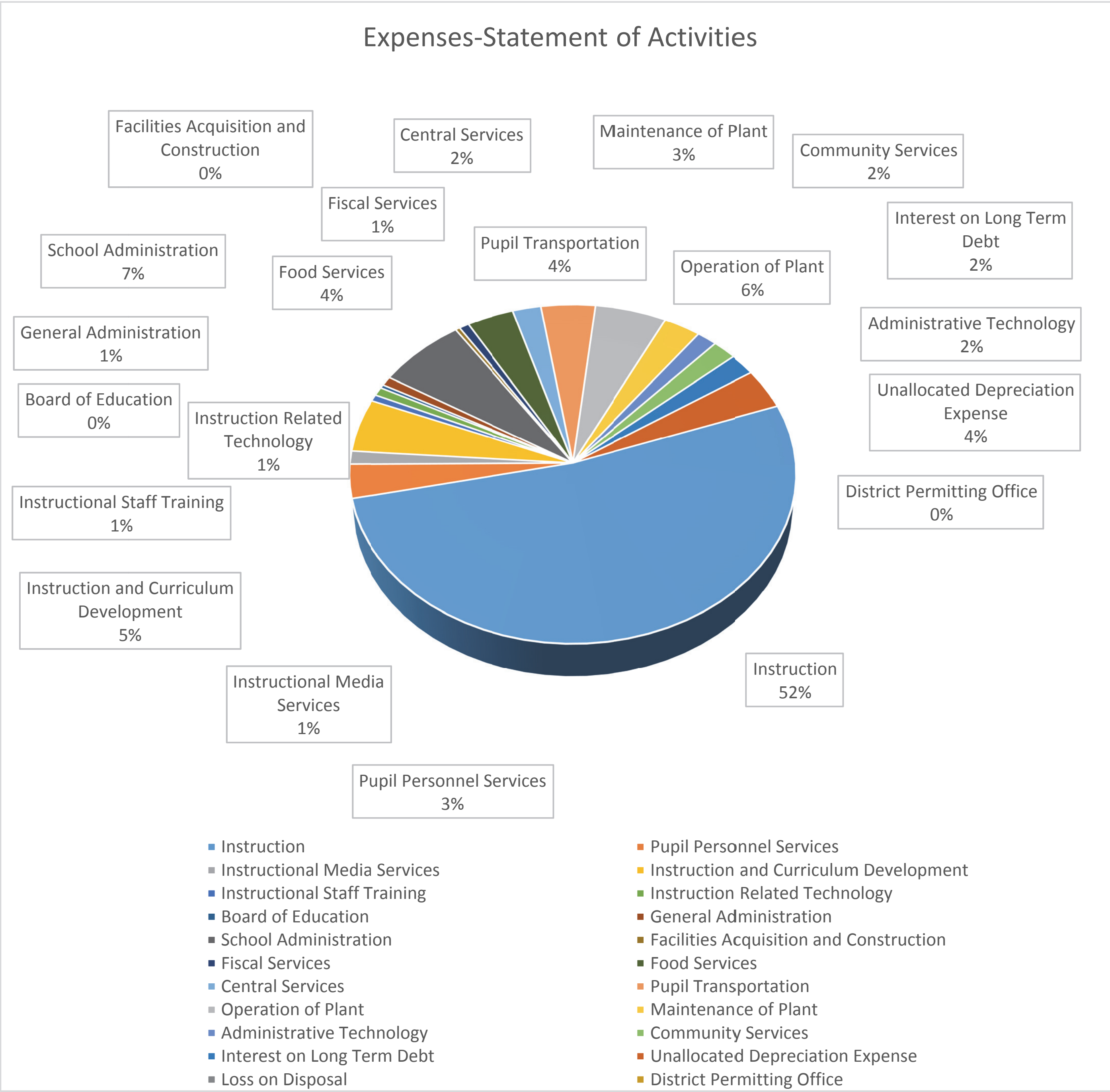
The largest revenue source is the State of Florida (46.6 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base.



The most significant increase during the 2014-2015 fiscal year was grants and contributions at 12.1 million, or a 13 percent increase. Overall governmental revenues increase 5.8 million or 2 percent increase.

Property taxes revenues increased by 4.6 million, or 4 percent.

The following chart depicts the distribution of expenditures of the District as a whole for the 2014-2015 fiscal year.



Expenses totaled $311.2 million for the 2014-2015 fiscal year as compared to 318.1 million for the 2013-2014 fiscal year. Instruction expenses represent 52.2 percent of total governmental expenses in the 2014-2015 fiscal year. Instruction expenses increased by 5.5 million or 3.4 percent, from the previous year due to salary and insurance increases, while other areas experienced a decrease or remained flat for the 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. As of the end of the current fiscal year, the District's governmental funds combined ending fund balances were $164.8 million, a decrease of $6.9 million in comparison with the prior year. Approximately 7.5 percent of this amount is unassigned fund balance ($12.4 million), which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form ($1 million), 2) restricted for particular purposes ($132.2 million), 3) committed ($575 thousand) or 4) assigned for particular purposes ($18.6 million).

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 $12.4 million, while the total fund balance is $32.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 4.8 percent of total General Fund expenditures, which the total fund balance represents 12.4 percent of that same amount. The fund balance of the District's General Fund decreased $1.3 million during the current fiscal year.

The Special Revenue – Other Fund has total revenues and expenditures of $20.5 million each for Federal grants administered primarily through the State cash advance system. Since Federal grant revenue is recognized to the extent the eligible expenditures have been incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – District Bonds Fund, which is used to account for the accumulation of financial resources generated by the Sales Tax Revenue Bond, Series 2014, had a total fund balance of $58.9 million, which is restricted for capital projects.

The Capital Projects – Other Fund, which is used to account for capital project activity funded by sources such as certificates of participation and local sales taxes, had a total fund balance of $33.8 million, which is restricted for capital projects. It should be noted that $11.5 million has been encumbered for specific projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Many changes are made to the budget over the course of the year. Each change is submitted to the Board for approval. A recap of the significant changes as of June 30, 2015, is listed below:

- The original budget for State sources of revenues in the General Fund totaled $153.4 million and the final budget is lower by $500 thousand.
- The overall budget for revenues in the General Fund increased by $3.7 million over the original to the final budget, and total expenditure appropriations increased $6.6 million, or 2.4 percent, over the course of the fiscal year.
- Actual revenues and other financing sources were generally in line with the final budgeted amounts, while actual expenditures were $25.7 million less than the final budgeted amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets as of June 30, 2015, is $355.2 million (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; audio visual materials; and computer software. There was a net increase in the value of the District's capital assets this fiscal year primarily due to additions to construction in progress, which will increase in the buildings and fixed equipment category upon completion. This amount represents a net increase of $24.4 million from the 2014-2015 fiscal year.

Capital Assets (Net of Depreciation)

	Governmental Activities	
	6/30/2015	6/30/2014
Land	$ 15,587,417	$ 15,590,442
Construction in Progress	38,466,056	23,299,217
Improvements Other Than Buildings	11,705,232	7,834,530
Buildings and Fixed Equipment	268,664,678	265,997,846
Furniture, Fixture, and Equipment	10,660,004	8,122,589
Motor Vehicles	6,361,700	7,975,052
Audio Visual Materials	1,799,372	432,095
Computer Software	1,992,819	1,567,130
Total Capital Assets	$ 355,237,278	$ 330,818,901

Long-Term Debt

At June 30, 2015, the District has total long-term debt outstanding of $225.2 million. Of that total, $2.8 million is considered to be State School Bonds (i.e., backed by the full faith and credit of the State of Florida), an additional $80.9 million is secured by District sales tax revenue. Another $10.3 million in a note payable (2.2 million) and lease purchase (8.1 million) is secured by the General Fund ad valorem tax revenue. The remainder of the District's debt consists of certificates of participation payable of $131.2 million.

Schedule of Outstanding Debt

	Governmental Activities	
	6/30/2015	6/30/2014
Notes Payable	$ 2,240,000	$ 3,360,000
Lease purchase agreements	$ 8,113,870	$ -
State Schools/Sales Tax Bonds	83,663,056	87,900,473
Certificates of Participation	131,188,260	136,559,144
Total Long Term Debt	$ 225,205,186	$ 227,819,617

During the current fiscal year, the District's long-term debt decreased by $2.6 million, or 1.14 percent. On December 14, 2014, the District entered into a Lease Purchase Agreement in the amount of $8.1 million which will mature in the year 2024.

The District maintains an "AA" rating from Fitch for its general obligation bonds and an "AA" rating from Fitch for its certificates of participation and sales tax revenue bonds. These ratings were affirmed in December 2014. Moody's Investors Service affirmed the District's "Aa3" bond rating in December 2014. This is a positive stance for the District in an economic climate that finds many institutional bond ratings declining.

OTHER MATTERS OF SIGNIFICANCE

The budget for the State of Florida seems to be improving. State economists expect tax collections to grow by 1.3 percent in the coming year, and then grow an additional 5 percent in the year after that. Property tax and documentary tax collections are growing strongly. The three main drivers of Florida's economy are development, (e.g., home construction), tourism, and agriculture. These economic drivers generate much of the money to pay for State services.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed:

Chief Financial Officer
Leon County District School Board
2757 West Pensacola Street
Tallahassee, FL 32304-2998

Leon County District School Board

Statement of Net Position

June 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Current assets:				
Cash and cash equivalents	$ 69,426,792	$ 76,049	$ 69,502,841	$ 1,240,918
Investments	72,311	-	72,311	-
Taxes receivable	66,011	-	66,011	57,911
Accounts receivable, net	383,885	-	383,885	203,140
Deposits receivable	-	-	-	16,451
Due from other agencies	5,976,704	-	5,976,704	465,263
Inventory	1,549,595	-	1,549,595	-
Prepaid items	-	-	-	22,408
Restricted assets:				
Cash with fiscal agent	102,981,461	-	102,981,461	-
Total current assets	180,456,759	76,049	180,532,808	2,006,091
Noncurrent assets:				
Capital assets:				
Land	15,587,417	-	15,587,417	590,436
Construction in progress	38,466,056	-	38,466,056	483,372
Improvements other than buildings	36,369,097	-	36,369,097	121,521
Less accumulated depreciation	(24,663,865)	-	(24,663,865)	(77,301)
Buildings and fixed equipment	458,783,118	-	458,783,118	14,736,946
Less accumulated depreciation	(190,118,440)	-	(190,118,440)	(1,270,323)
Furniture, fixtures, and equipment	54,201,328	-	54,201,328	1,834,797
Less accumulated depreciation	(43,541,324)	-	(43,541,324)	(1,268,748)
Motor vehicles	25,723,767	-	25,723,767	53,054
Less accumulated depreciation	(19,362,067)	-	(19,362,067)	(41,787)
Audio visual materials	5,791,476	-	5,791,476	24,725
Less accumulated depreciation	(3,992,104)	-	(3,992,104)	(20,807)
Computer software	2,818,342	-	2,818,342	4,592
Less accumulated depreciation	(825,523)	-	(825,523)	(4,592)
Total capital assets net of accumulated depreciation	355,237,278	-	355,237,278	15,165,885
Total assets	535,694,037	76,049	535,770,086	17,171,976
Deferred outflows of resources				
Debt refunding, net	-	-	-	23,927
Pension	20,002,128	-	20,002,128	37,215
Total deferred outflows of resources	20,002,128	-	20,002,128	61,142
Total assets and deferred outflows of resources	$ 555,696,165	$ 76,049	$ 555,772,214	$ 17,233,118

(continued)

Leon County District School Board

Statement of Net Position (continued)

June 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities and net position				
Liabilities				
Salaries and wages payable	$ 9,498,800	$ -	$ 9,498,800	$ 189,615
Payroll deductions and withholdings	2,232,037	-	2,232,037	41,926
Accounts payable	2,563,383	300	2,563,683	555,824
Construction contracts retainage payable	1,021,105	-	1,021,105	-
Accrued interest payable	3,000	-	3,000	3,150
Sales tax payable	399	-	399	-
Deposits payable	237,119	-	237,119	-
Due to other agencies	-	-	-	319,313
Unearned revenue	29,238	-	29,238	3,200
Noncurrent liabilities:				
Portion due within one year:				
Notes payable	1,120,000	-	1,120,000	326,930
Obligations under capital leases	-	-	-	206,667
Lease purchase agreements payable	861,725	-	861,725	-
Bonds payable	5,141,000	-	5,141,000	-
Liability for compensated absences	3,219,559	-	3,219,559	14,563
Certificates of participation payable	5,472,000	-	5,472,000	-
Estimated liability for unpaid claims	918,783	-	918,783	-
Portion due after one year:				
Notes payable	1,120,000	-	1,120,000	995,110
Obligations under capital leases	-	-	-	13,624,007
Lease purchase agreements payable	7,252,145	-	7,252,145	-
Bonds payable	78,522,056	-	78,522,056	-
Liability for compensated absences	26,744,397	-	26,744,397	4,855
Certificates of participation payable	125,716,260	-	125,716,260	-
Estimated liability for long-term claims	3,561,437	-	3,561,437	-
Net pension liability	82,097,234	-	82,097,234	222,461
Other post-employment benefits obligation	15,960,046	-	15,960,046	-
Total liabilities	373,291,723	300	373,292,023	16,507,621
Deferred inflows of resources				
Pension	51,145,652	-	51,145,652	140,107
Total deferred inflows of resources	51,145,652	-	51,145,652	140,107
Net position				
Net investment in capital assets	200,957,008	-	200,957,008	13,171
Restricted for:				
Debt service	28,186,863	-	28,186,863	-
Capital projects	101,670,256	-	101,670,256	-
Food service	1,815,506	-	1,815,506	-
Other purposes	20,311,212	-	20,311,212	97,704
Unrestricted	(221,682,055)	75,749	(221,606,306)	474,515
Total net position	131,258,790	75,749	131,334,539	585,390
Total liabilities, deferred inflows of resources and net position	$ 555,696,165	$ 76,049	$ 555,772,214	$ 17,233,118

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

Leon County District School Board

Statement of Activities

Year Ended June 30, 2015

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Functions				
Governmental activities:				
Instruction	$ 154,394,979	$ 6,785,986	$ -	$ -
Student Support Services	9,446,201	-	-	-
Instructional Media Services	3,596,830	-	-	-
Instruction and Curriculum Development Services	14,545,714	-	-	-
Instructional Staff Training Services	1,903,629	-	-	-
Instruction-Related Technology	2,327,678	-	-	-
Board	1,158,770	-	-	-
General Administration	3,032,868	-	-	-
School Administration	19,306,371	-	-	-
Facilities Acquisition and Construction	1,224,214	-	-	664,206
Fiscal Services	2,182,373	-	-	-
Food Services	12,969,602	1,978,748	10,934,990	-
Central Services	6,633,304	-	-	-
Student Transportation Services	12,764,569	-	-	-
Operation of Plant	19,679,952	-	-	-
Maintenance of Plant	8,769,744	-	-	-
Administrative Technology Services	4,865,146	-	-	-
Community Services	7,066,741	-	-	-
Interest on Long-Term Debt	8,850,057	-	1,180,082	-
Unallocated Depreciation/Amortization Expense	16,500,829	-	-	-
Total governmental activities	311,219,571	8,764,734	12,115,072	664,206
Business-type activities:				
Other business-type activity	46,714	13,961	-	-
Total business-type activities	46,714	13,961	-	-
Total primary government	$ 311,266,285	$ 8,778,695	$ 12,115,072	$ 664,206
Component units:				
Charter schools and Foundation	$ 12,934,572	$ 434,418	$ 971,735	$ 479,041
Total component units	$ 12,934,572	$ 434,418	$ 971,735	$ 479,041

General Revenues:

Taxes:

Property taxes, levied for operational purposes

Property taxes, levied for capital projects

Local sales taxes

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Special items

Extraordinary items

Total general revenues, special items, extraordinary items, and transfers

Change in net position

Net position at beginning of year

Adjustments to net position

Net position at end of year

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ 147,608,993	$ -	147,608,993	$ -
9,446,201	-	9,446,201	-
3,596,830	-	3,596,830	-
14,545,714	-	14,545,714	-
1,903,629	-	1,903,629	-
2,327,678	-	2,327,678	-
1,158,770	-	1,158,770	-
3,032,868	-	3,032,868	-
19,306,371	-	19,306,371	-
560,008	-	560,008	-
2,182,373	-	2,182,373	-
55,864	-	55,864	-
6,633,304	-	6,633,304	-
12,764,569	-	12,764,569	-
19,679,952	-	19,679,952	-
8,769,744	-	8,769,744	-
4,865,146	-	4,865,146	-
7,066,741	-	7,066,741	-
7,669,975	-	7,669,975	-
16,500,829	-	-	-
(289,675,559)	-	(289,675,559)	-
-	(32,753)	(32,753)	-
	(32,753)	(32,753)	-
$ (289,675,559)	$ (32,753)	$ (289,708,312)	$ -
$ -	$ -	$ -	$ (11,049,378)
$ -	$ -	$ -	$ (11,049,378)
$ 86,345,288	$ -	$ 86,345,288	$ -
22,053,345	-	22,053,345	-
19,937,353	-	19,937,353	-
174,111,799	-	174,111,799	10,653,553
132,037	2,789	134,826	(3,563)
8,639,347	-	8,639,347	194,934
-	-	-	(6,888)
-	-	-	-
311,219,169	2,789	311,221,958	10,838,036
21,543,610	(29,964)	21,513,646	(211,342)
225,479,371	105,713	225,585,084	1,285,438
(115,764,191)	-	(115,764,191)	(488,706)
$ 131,258,790	$ 75,749	$ 131,334,539	$ 585,390

Leon County District School Board

Balance Sheet - Governmental Funds

June 30, 2015

	General	Special Revenue Other Federal Programs	Capital Projects District Bonds
Assets			
Cash and cash equivalents	$ 40,223,067	$ 1,063,272	$ 1,336,952
Investments	6	-	-
Taxes receivable, net	52,607	-	-
Accounts receivable, net	338,429	3,800	-
Due from other funds:			
Budgetary funds	1,301,318	-	-
Due from other agencies	795,756	1,097,009	-
Cash with fiscal/service agents	100,000	-	67,014,087
Inventory	1,050,798	-	-
Prepaid items	-	-	-
Total assets	$ 43,861,981	$ 2,164,081	$ 68,351,039
Liabilities and fund balances			
Liabilities			
Salaries, benefits, and payroll taxes payable	$ 8,388,464	$ 1,073,364	$ -
Payroll deductions and withholdings	2,087,780	138,873	-
Accounts payable	63,607	191,579	1,779,570
Construction contracts payable - retained percentage	-	-	826,228
Matured interest payable	-	-	-
Sales tax payable	399	-	-
Deposits payable	-	-	-
Due to other funds:			
Budgetary funds	606,447	760,265	6,757,528
Total liabilities	11,146,697	2,164,081	9,363,326
Deferred inflows of resources			
Unearned revenues	-	-	-
Fund balances			
Nonspendable			
Inventory	1,050,798	-	-
Restricted for:			
Debt service funds	-	-	-
Capital projects	-	-	58,987,713
Other	-	-	-
Committed to:			
Other	575,856	-	-
Assigned to:			
Other	18,683,558	-	-
Unassigned fund balance	12,405,072	-	-
Total fund balances	32,715,284	-	58,987,713
Total liabilities and fund balances	$ 43,861,981	$ 2,164,081	$ 68,351,039

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

Capital Projects	Non-major	
Other Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 16,010,553	$ 10,792,948	$ 69,426,792
6	72,299	72,311
-	13,404	66,011
-	41,656	383,885
6,757,528	586,988	8,645,834
3,373,517	459,521	5,725,803
8,114,122	27,753,252	102,981,461
-	498,797	1,549,595
-	-	-
$ 34,255,726	$ 40,218,865	$ 188,851,692
$ -	$ 36,972	$ 9,498,800
-	5,384	2,232,037
174,653	353,974	2,563,383
192,937	1,940	1,021,105
-	3,000	3,000
-	-	399
-	237,119	237,119
-	270,686	8,394,926
367,590	909,075	23,950,769
-	29,238	29,238
-	498,797	1,549,595
-	28,186,863	28,186,863
33,888,136	9,277,181	102,153,030
-	1,317,711	1,317,711
-	-	575,856
		-
-	-	18,683,558
-	-	12,405,072
33,888,136	39,280,552	164,871,685
$ 34,255,726	$ 40,218,865	$ 188,851,692

Leon County District School Board

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position

June 30, 2015

Total fund balances - governmental funds	$ 164,871,685
Amounts reported for governmental activities in the statement of net assets 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.	355,237,278
Deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the governmental funds.	(31,143,531)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(357,706,642)
Total net position - governmental activities	$ 131,258,790

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

Leon County District School Board

Statement of Revenues, Expenditures, and Changes in Fund Balances - Govermental Funds

Year ended June 30, 2015

	General	Special Revnue Other Federal Programs	Capital Projects District Bonds
Revenues			
Federal direct	$ 230,837	$ 1,896,346	$ -
Federal through state and local	57,160	18,689,132	-
State sources	152,981,095	-	-
Local sources:			
Property taxes levied for operational purposes	86,508,179	-	-
Property taxes levied for debt service	-	-	-
Property taxes levied for capital projects	-	-	-
Local sales taxes	-	-	-
Charges for service - food service	-	-	-
Other local revenue	11,507,114	-	115,864
Total local sources	98,015,293	-	115,864
Total revenues	251,284,385	20,585,478	115,864
Expenditures			
Current:			
Instruction	148,692,974	9,073,649	-
Pupil personnel services	8,750,510	922,901	-
Instructional media services	3,686,410	-	-
Instruction and curriculum development services	9,759,046	5,123,809	-
Instructional staff training services	347,425	1,278,099	-
Instruction related technology	2,333,846	49,161	-
School board	1,170,539	466	-
General administration	1,871,332	1,108,551	-
School administration	19,811,044	14,949	-
Facilities acquisition and construction	1,198,722	39,991	-
Fiscal services	2,234,430	2,825	-
Food services	-	-	-
Central services	6,565,638	199,495	-
Pupil transportation services	12,962,037	66,352	-
Operation of plant	19,887,354	3,162	-
Maintenance of plant	8,947,378	2,903	-
Administrative technology services	4,834,135	-	-
Community services	5,067,179	2,049,730	-
Debt service:			
Redemption of principal	-	-	-
Interest	-	-	-
Dues, fees, and issuance costs	-	-	-
Capital outlay:			
Facilities acquisition and construction	5,950	-	17,089,658
Other capital outlay	-	649,435	-
Total expenditures	258,125,949	20,585,478	17,089,658
Excess (deficiency) of revenues over (under) expenditures	(6,841,564)	-	(16,973,794)
Other financing sources (uses)			
Refunding bonds issued	-	-	
Premium on refunding bonds	-	-	
Payments to refunded bond escrow agent	-	-	
Loans	-	-	-
Transfers in	5,761,066	-	-
Transfers out	(281,323)	-	-
Total other financing sources (uses)	5,479,743	-	-
Net change in fund balances	(1,361,821)	-	(16,973,794)
Fund balances, July 1, 2014	34,077,105	-	75,961,507
Fund balances, June 30, 2015	$ 32,715,284	$ -	$ 58,987,713

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

Capital Projects: Other Capital Projects	Non-major: Other Governmental Funds	Total Governmental Funds
$ -	$ 2,583,427	$ 4,710,610
-	11,985,868	30,732,160
-	2,208,279	155,189,374
-	-	86,508,179
-	332	332
-	22,053,345	22,053,345
19,937,353	-	19,937,353
-	1,978,748	1,978,748
19,444	124,945	11,767,367
19,956,797	24,157,370	142,245,324
19,956,797	40,934,944	332,877,468
-	200,225	157,966,848
-	-	9,673,411
-	-	3,686,410
-	29,757	14,912,612
-	316,646	1,942,170
-	-	2,383,007
-	-	1,171,005
-	85,606	3,065,489
-	-	19,825,993
-	-	1,238,713
-	-	2,237,255
-	13,105,117	13,105,117
-	8,632	6,773,765
-	-	13,028,389
-	-	19,890,516
-	-	8,950,281
-	126,917	4,961,052
-	-	7,116,909
-	9,942,000	9,942,000
-	9,519,495	9,519,495
-	90,075	90,075
13,147,433	5,120,296	35,363,337
-	441,078	1,090,513
13,147,433	38,985,844	347,934,362
6,809,364	1,949,100	(15,056,894)
-	1,325,000	1,325,000
-	92,526	92,526
-	(1,444,314)	(1,444,314)
8,113,870	-	8,113,870
915,308	19,140,866	25,817,240
(5,929,089)	(19,606,828)	(25,817,240)
3,100,089	(492,750)	8,087,082
9,909,453	1,456,350	(6,969,812)
23,978,683	37,824,202	171,841,497
$ 33,888,136	$ 39,280,552	$ 164,871,685

Leon County District School Board

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

Year ended June 30, 2015

Net change in fund balances - governmental funds	$ (6,969,812)
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period.	21,425,948
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments in the current period.	1,796,251
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds.	(1,811,846)
Pension contributions are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.	7,103,069
Change in net position of governmental activities	$ 21,543,610

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

Leon County District School Board

Statement of Net Position - Proprietary Funds

June 30, 2015

	Enterprise Fund - District Permitting Office
Assets	
Current assets:	
Cash and cash equivalents	$ 76,049
Total assets	$ 76,049
Liabilities	
Current liabilities:	
Accounts payable	$ 300
Total liabilities	300
Net position	
Unrestricted	75,749
Total net position	75,749
Total liabilities and net position	$ 76,049

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

Leon County District School Board

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

Year ended June 30, 2015

	Enterprise Fund - District Permitting Office
Operating Revenues	
Charges for services	$ 13,396
Charges for sales	565
Total operating revenues	13,961
Operating Expenses	
Purchased services	35,395
Materials and supplies	5,789
Capital outlay	3,267
Other expenses	2,263
Total operating expenses	46,714
Operating loss	(32,753)
Nonoperating revenues	
Interest revenue	2,789
Total nonoperating revenues	2,789
Change in net position	(29,964)
Net position - beginning	105,713
Net position - ending	$ 75,749

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

Leon County District School Board

Statement of Cash Flows - Proprietary Funds

Year ended June 30, 2015

	Enterprise Fund - District Permitting Office
Cash flows from operating activities	
Receipts from customers and users	$ 13,961
Payments to suppliers	(50,651)
Net cash used in operating activities	(36,690)
Cash flows from investing activities	
Interest and dividends received	2,789
Net cash provided by investing activities	2,789
Net decrease in cash and cash equivalents	(33,901)
Cash and cash equivalents - beginning	109,950
Cash and cash equivalents - ending	$ 76,049
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (32,753)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Decrease in accounts payable	(3,937)
Total adjustments	(3,937)
Net cash used in operating activities	$ (36,690)

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

Leon County District School Board

Statement of Fiduciary Net Position -
Fiduciary Funds

June 30, 2015

	Voluntary Employee Benefits Trust Funds	Frank Stoutamire Private -Purpose Trust Funds	Internal Accounts Agency Funds
Assets			
Cash and cash equivalents	$ 11,751,285	$ 39,969	$ 4,691,728
Accounts receivable, net	16,152	-	-
Total assets	$ 11,767,437	$ 39,969	$ 4,691,728
Liabilities			
Payroll deductions and withholdings	$ 7,179,105	$ -	$ -
Due to other funds - budgetary	-	-	250,908
Internal accounts payable	-	-	4,440,820
Total liabilities	7,179,105	-	4,691,728
Net position			
Assets held in trust for employee benefits	4,588,332	-	-
Assets held in trust for scholarships and other purposes	-	39,969	-
Total net position	4,588,332	39,969	-
Total liabilities and net position	$ 11,767,437	$ 39,969	$ 4,691,728

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

Leon County District School Board

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

Year ended June 30, 2015

	Voluntary Employee Benefits Trust Funds	Frank Stoutamire Private-Purpose Trust Funds
Additions		
Contributions:		
Employer	$ 19,445,052	$ -
Plan members	18,293,346	-
Investment earnings:		
Interest	15,022	19
Total investment earnings, net	15,022	19
Total additions	37,753,420	19
Deductions		
Purchased services	24,437	-
Payments to providers	37,319,784	-
Other expenses	-	5,765
Total deductions	37,344,221	5,765
Change in net position	409,199	(5,746)
Net position - beginning	4,179,133	45,715
Net position - ending	$ 4,588,332	$ 39,969

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Leon County District School Board (District) conform to accounting principles generally accepted in the United States of America as applicable to school districts. The following is a summary of the significant accounting policies and is an integral part of these general purpose financial statements.

Reporting Entity

The Leon 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 Leon County.

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

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

Blended Component Units - Blended component units, are in substance, part of the primary District's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as part of the District.

The District's employee group health, life, and dental insurance program, as well as its dependent care and medical expense reimbursement program, are administered through the Leon County District School Board Voluntary Employee Benefits Trust (VEBT). Due to the substantive economic relationship between the District and the VEBT, the financial activities of the VEBT are reported in the accompanying basic financial statements. Separate financial statements for the VEBT are not published.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Blended Component Units (continued)

The Leon County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note 9. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

Discretely Presented Component Units - The component units columns in the government-wide financial statements include the financial data of the District's other component units, which include the following:

The Foundation for Leon County Schools, Inc. (Foundation)

The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to provide charitable and educational aid to the Board, to promote education, and to encourage research, learning, and dissemination of information. The Foundation is considered a component unit of the District because of the nature and significance of its relationship with the District.

Charter Schools

- The School of Arts and Sciences Foundation, Inc.
- Imagine – Leon County, LLC (d/b/a Imagine School at Evening Rose)
- Stars Education Services, Inc. (d/b/a Stars Middle School)
- Governor’s Charter Academy, a department of Renaissance Charter School, Inc.
- The Woodville Educational Foundation, Inc. d/b/a The Woodville Middle School of Leadership through History and Civics

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charter Schools (continued)

The School of Arts and Sciences Foundation, Inc.; Stars Education Services, Inc.; Governors Charter Academy; and The Woodville Educational Foundation, Inc. are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. Imagine-Leon County, LLC, doing business as Imagine School at Evening Rose, is organized as a limited liability company pursuant to Chapter 608, Florida Statutes, the Florida Limited Liability Company Act, and Section 1002.23, Florida Statutes. Each charter school operates under a charter approved by its sponsor, the Board. A portion of these not-for-profit corporations' funding comes from the District based on their weighted full-time equivalent student membership and the Legislature approved funding for the Board. The charter schools are considered to be component units of the District because the District is financially accountable for the charter schools as the District established the charter schools by approval of the charters, which is tantamount to the initial appointment of the charter schools, and there is the potential for the charter schools to impose specific financial burdens on the District.

During the fiscal year, Stars Middle School ceased operations as of June 30, 2015. Capital assets net of accumulated depreciation of $78,812 reverted to the Board.

The financial data reported on the accompanying statements was derived from the Foundation's and charter schools' audited financial statements for the fiscal year ended June 30, 2015. These audit reports are filed in the District's administrative offices.

Basis of Presentation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

The District reports the following major governmental funds:

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

Special Revenue – Other Federal Programs Fund – to account for certain Federal grant program resources.

Capital Projects – District Bonds Fund – to account for the financial resources generated by the Sales Tax Revenue Bond, Series 2014 to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

Capital Projects – Other Capital Projects Fund – to account for the financial resources generated by various sources such as certificates of participation and local sales tax to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

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

Enterprise Fund – to account for the activities of the District Permitting Office.

Other Employee Benefits Trust Fund – to account for resources of the VEBT that administers the District's employee group health, life, and dental insurance programs, as well as the dependent care and medical expense reimbursement programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Private-Purpose Trust Fund – to account for resources of the Frank Stoutamire Scholarship Trust Fund, the interest earnings of which are used for scholarships to students at Lively Technical Center.

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

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at fiscal year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of fiscal year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, 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.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting their assets and liabilities.

The Foundation is accounted for under the not-for-profit basis of accounting and uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The charter schools are accounted for as governmental organizations and follow the same accounting model as the District’s governmental activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits, except for cash with fiscal agents, 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. Cash equivalents and investments with fiscal agents are uncollateralized, but held in a trust capacity both under a paying agent agreement for payment of maturing bond principal and interest and under a trust agreement.

Investments consist of amounts placed in the State Board of Administration (SBA) debt service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME investment pool created by Sections 218.405 and 218.417, Florida Statutes, and those made locally. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

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

All other investments consist of United States Treasury Securities and money market funds. Types and amounts of investments held at fiscal year-end are described in a subsequent note.

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Warehouse, Maintenance, and Transportation inventories are stated on a weighted, moving-average basis. Food service inventories are stated at the last invoice price, 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 used rather than purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

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

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

Description	Estimated Life
Improvements, other than Buildings	8-35 years
Buildings and Fixed Equipment	40 years
Furniture, Fixtures and Equipment	3-15 years
Motor Vehicles	5-10 years
Audio Visual Materials	3-5 years
Computer Software	5 years

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

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. Bonds payable and certificates of participation payable are reported net of the applicable premiums. Bonds and certificates of participation premiums are amortized over the life of the debt.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize debt premiums during the current period. The face amount of debt issued and premiums are reported as other financing sources. Changes in long-term liabilities for the current year are reported in a subsequent note.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension

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

Net Position Flow Assumption

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported committed fund balances of $575,856 at June 30, 2015.

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 District classifies amounts as assigned that are constrained to be used for specified purposes based on the actions of the Superintendent and Chief Financial Officer and are not included in other categories. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent fiscal year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an 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.

Program Revenues

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State Revenue Sources

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

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

District Property Taxes

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

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

The Board adopted the 2015 tax levy on September 9, 2014. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

District Property Taxes (continued)

Taxes become a lien on the property on January 1, and are delinquent on April 1, of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes, and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

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

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

Capital Outlay Surtax

On November 6, 2012, the voters of Leon County (County) approved a one-half cent school capital outlay surtax on sales in the County for 15 years, effective January 1, 2014, to pay construction costs of certain school facilities and related costs in accordance with Section 212.055(6), Florida Statutes.

Federal Revenue Sources

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

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 for the current portion of compensating absences expected to be paid using expendable available resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues and expenses of the District's proprietary fund relate to the services provided by the District Permitting Office. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. ACCOUNTING CHANGES AND PRIOR PERIOD ADJUSTMENTS

Governmental Accounting Standards Board (GASB) Statement No. 68

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for fiscal years beginning after June 15, 2014. GASB No. 68 requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans, which includes restating beginning net position. As such, the beginning net position of the District decreased by $120,343,828 as a result of the implementation. The District's proportionate share of the net pension liabilities at July 1, 2014 totaled $82,097,234.

Capital Assets

The District corrected errors within their capital asset records. This resulted in an increase of $4,579,637 to the beginning net position to correct capital asset balances reported on the statement of net position.

3. INVESTMENTS

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. Earnings are allocated monthly to each fund based on average daily balances.

3. INVESTMENTS (continued)

Cash Deposits with Financial Institutions (continued)

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

INVESTMENTS	MATURITIES	FAIR VALUE
State Board of Administration (SBA):		
Florida PRIME	34 Day Average	$ 6
United States Treasury Securities (1)	November 2020	2,790,346
First American Government Obligations – Money Market Fund (1)(2)	40 Day Average	82,742,898
Fidelity Institutional Money Market Fund - Federal Government Portfolio-Class 1 (2)	43 Day Average	11,758,082
Fidelity Institutional Money Market Fund - Treasury Portfolio – Class III (2)	60 Day Average	5,590,135
Total Investments, Primary Government		102,881,467
Deposit with service entity		100,000
		$ 102,981,467

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

(2) This investment is held under a trust agreement in connection with the sinking fund requirements related to the Series 2004 QZAB Certificates of Participation; Series 2005 Certificates of Participation; Series 2006 Certificates of Participation; Series 2010 QZAB Certificates of Participation; Series 2010 QSCB Certificates of Participation; and the 2014 Sales Tax Revenue Bonds. (See Notes 9 and 10)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. In accordance with its investment policy, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments to less than six months. United States Treasury Securities, which are held in trust for the future retirement of Series 2004 QZAB Certificates of Participation, is an exception to this policy. Florida PRIME had a weighted average days to maturity (WAM) of 34 days at June 30, 2015. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

3. INVESTMENTS (continued)

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 (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District's investment policy states that it shall be the responsibility of the Superintendent or his authorized representative to promptly invest temporarily idle funds in the most efficient manner in those legal instruments prescribed by law, so as to earn the best return on those funds.

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.

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

The District's investments in First American Government Obligations Money Market Fund are rated AAAm by Standard & Poor's.

The District's investments in the Fidelity Institutional Money Market Fund – Federal Government Portfolio – Class I are rated AAA-mf by Moody's Investors Service.

The District's investments in the Fidelity Institutional Money Market Fund – Treasury Portfolio – Class III are rated Aaa by Moody's Investors Service and AAAm by Standard & Poor's.

The District's investments in United States Treasury Securities are rated Aaa by Moody's investors Service.

3. INVESTMENTS (continued)

Custodial Credit Risk

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

Of the District's $2,790,346 investment in United States Treasury securities, all of the underlying securities are held by the investment's counterparty, not in the name of the District.

4. CAPITAL ASSETS

Changes in Capital Assets

Changes in capital assets are presented in the table below:

Governmental Activities	Balance 7/1/2014 (as restated)	Additions	Deletions	Balance 6/30/2015
Non-Depreciable Capital Assets:				
Land	$ 15,587,417	$ –	$ –	$ 15,587,417
Construction-in-Progress	14,504,264	31,610,845	7,649,053	38,466,056
Total Non-Depreciable Assets	30,091,681	31,610,845	7,649,053	54,053,473
Depreciable Assets:				
Improvements Other Than Buildings	36,319,797	49,300	–	36,369,097
Buildings and Fixture Equipment	451,183,366	7,599,752	–	458,783,118
Furniture, Fixture & Equipment	51,951,375	3,087,484	837,531	54,201,328
Motor Vehicles	25,682,750	96,396	55,379	25,723,767
Audio Visual Materials	4,534,603	1,372,739	115,866	5,791,476
Computer Software	2,608,231	286,384	76,273	2,818,342
Total Depreciable Assets	572,280,122	12,492,055	1,085,049	583,687,128
Less Accumulated Depreciation:				
Improvements Other Than Buildings	24,484,834	179,031	–	24,663,865
Buildings and Fixture Equipment	182,479,986	7,638,454	–	190,118,440
Furniture, Fixture & Equipment	37,945,009	6,321,676	725,361	43,541,324
Motor Vehicles	18,048,678	1,368,768	55,379	19,362,067
Audio Visual Materials	3,463,085	642,775	113,756	3,992,104
Computer Software	551,670	350,126	76,273	825,523
Total Accumulated Depreciation	266,973,262	16,500,830	970,769	282,503,323
Net Depreciable Capital Assets	305,306,860	(4,008,775)	114,280	301,183,805
Governmental Activities Capital Assets	$ 335,398,541	$ 27,602,070	$ 7,763,333	$ 355,237,278

The District's capital assets serve multiple functions; therefore, depreciation expense was not allocated to the various expense functions on the statement of activities, but is shown as unallocated depreciation expense.

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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

The District's pension expense totaled $ 6,056,925 for the 2014-15 fiscal year.

FRS Pension Plan

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

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Senior Management Service Class (SMSC) – Members in senior management level positions.

Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

FRS Pension Plan (continued)

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

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

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Benefits Provided (continued)

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on or after October 1, 1974	3.00
Senior Management Service Class	2.00
Elected Officers' Class	3.00

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

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Contributions

Prior to July 1, 2011, the FRS was noncontributory for employees. Beginning July 1, 2011, employees who are not participating in DROP are required to contribute 3% of their salary to the FRS. The District is required to contribute at an actuarially-determined rate. Contribution rates for the 2014-2015 fiscal year are as follows:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Regular	3.00	7.37
FRS, Senior Management Services	3.00	21.14
Elected Officers	3.00	43.24
FRS, Special Risk	3.00	19.82
Deferred Retirement Option Program – Applicable to Members from All of the Above Classes	N/A	12.28
FRS Reemployed Retiree	(2)	(2)

Notes: *(1) These Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.*

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

The District's contributions to the defined benefit pension plan totaled $10,965,480 for the fiscal year ended June 30, 2015, excluding HIS plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of $ 28,306,577 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on the District's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the District's proportionate share was 0.4639 percent, which was a decrease of 0.151 percentage from its proportionate share measured as of June 30, 2013.

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the fiscal year ended June 30, 2015, the District recognized pension expense of $2,655,781. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,751,696
Change of assumptions	4,902,228	-
Net difference between projected and actual earnings on FRS pension plan investments	-	47,220,070
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	-	102,328
District FRS contributions subsequent to the measurement date	10,965,480	-
Total	$ 15,867,708	$ 49,074,094

The deferred outflows of resources related to pensions totaling $10,965,480 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	$ (8,963,237)
2017	(8,963,237)
2018	(8,963,237)
2019	(8,963,237)
2020	(8,963,237)
Thereafter	644,319
Total	$ (44,171,866)

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. The following changes in actuarial assumptions occurred as of June 30, 2014:

- The inflation rate was decreased from 3.00% to 2.60%.
- The real payroll growth assumption was decreased from 1.00% to 0.65%.
- The overall payroll growth rate assumption was decreased from 4.00% to 3.25%.
- The long-term expected rate of return decreased from 7.75% to 7.65%.

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions (continued)

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

Asset Class	Target Allocation [1]	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Edge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	100.00%			
Assumed Inflation – Mean		2.60%		2.00%

[1] As outlined in the Plan's investment policy

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65 percent) or 1 percentage point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability - FRS	$121,070,956	$28,306,577	$(48,855,713)

Pension Plan Fiduciary Net Position

Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

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

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are at least $30 but not more than $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statues. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled $2,194,514 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a net pension liability of $53,790,657 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on the District's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the District's proportionate share was 0.5753 percent, which was a decrease of 4.58 percentage from its proportionate share measured as of June 30, 2013.

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the fiscal year ended June 30, 2015, the District recognized pension expense of $3,401,144. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change of assumptions	1,914,085	-
Net difference between projected and actual earnings on HIS pension plan investments	25,821	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	-	2,071,558
District contributions subsequent to the measurement date	2,194,514	-
Total	$ 4,134,420	$ 2,071,558

The deferred outflows of resources totaling $ 2,194,514 was related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	$ (63,113)
2017	(63,113)
2018	(63,113)
2019	(63,113)
2020	(63,113)
Thereafter	183,913
Total	$ (131,652)

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, including inflation
Municipal Bond Rate	4.29 percent

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. As of June 30, 2014, the municipal rate used to determine total pension liability decreased from 4.63% to 4.29%

Discount Rate

The discount rate used to measure the total pension liability was 4.29 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.29 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.29 percent) or 1 percentage point higher (5.29 percent) than the current rate:

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (continued)

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
District's proportionate share of the net pension liability – HIS	$61,182,517	$53,790,657	$47,620,570

Pension Plan Fiduciary Net Position

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

FRS Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees already participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

FRS Investment Plan (continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$ 1,784,009 for the fiscal year ended June 30, 2015.

6. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

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

Funding Policy

Plan contribution requirements of the District and OPEB Plan members are established and may be amended through 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 2014-2015 fiscal year, 311 retirees received other postemployment benefits. The District's contribution to the OPEB obligation is the implicit subsidy for the retirees, which was $1,670,213. This amount was comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, reinsurance premiums, and net of retiree contributions totaling $2,145,871, which represents 1.8 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.

6. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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

Description	
Normal Cost (service cost for one year)	$ 1,446,250
Amortization of Unfunded Actuarial Accrued Liability	1,904,765
Annual Required Contribution	3,351,015
Interest on Net OPEB Obligation	557,448
Adjustment to Annual Required Contribution	(1,143,483)
Annual OPEB cost (expense)	2,764,980
Contribution Toward the OPEB Cost	(1,670,213)
Increase in Net OPEB Obligation	1,094,767
Net OPEB Obligation, Beginning of Year	14,865,279
Net OPEB Obligation, End of Year	$ 15,960,046

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, 2015, and the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012 – 2013	$ 2,924,130	$ 1,701,212	58.18%	$ 13,778,386
2013 – 2014	$ 2,735,532	$ 1,648,639	60.27%	$ 14,865,279
2014 – 2015	$ 2,764,980	$ 1,670,213	60.41%	$ 15,960,046

Funded Status and Funding Progress

As of October 1, 2013, the most recent valuation date, the actuarial accrued liability for benefits was $25,234,070, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $25,234,070 and a funded ratio of zero percent (0.00%). The covered payroll (annual payroll of active participating employees) was $114,709,308, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22 percent.

6. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Funded Status and Funding Progress (continued)

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

Actuarial Methods and Assumptions

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

The District's OPEB actuarial valuation as of October 1, 2013, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2015, and the District's 2014-2015 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.75 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.75 percent per year, and an annual healthcare cost trend rate of 8.5 percent for the 2014-2015 fiscal year, reduced to an ultimate rate of 5.52 percent after 10 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2015, was 13 years.

7. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Encumbrances

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

The following is a schedule of encumbrances at June 30, 2015:

	Major Funds					
	General	Special Revenue Other	Capital Projects District Bonds	Capital Projects Other	Nonmajor Governmental Funds	Total Governmental Funds
Encumbrances	$575,856	$86,631	$25,786,893	$10,369,545	$637,762	$37,456,687

Construction Contracts

Encumbrances include the following major construction contract commitments at June 30, 2015:

Projects		Contract Amount	Completed To Date	Balance Committed
Buck Lake	Site, New Wing, Dining, Kitchen Expansion & Remodeling	$6,807,933	$1,690,674	$5,117,259
Deerlake	HVAC Bldg 1 & 5, Expand/Remodel Admin, drop off canopy	320,209	81,529	238,680
Desoto Trail	Site, New Wing, Dining, Kitchen Expansion & Remodeling	1,396,622	558,634	837,988
Fort Braden	New Wing, Dining, Remodeling	2,648,854	569,811	2,079,042
Gilchrist	Classroom Wing, Site, renovate bldg 1	597,485	420,271	177,215
Hawks Rise	Site, New Wing, Dining, Kitchen Expansion & Remodeling	4,924,605	2,134,514	2,790,091
Lively	Chiller / Boiler Replacement	159,926	97,443	62,483
Montford	New Wing	89,081	40,659	48,421
Oak Ridge	Renovate Bldg 1, 2, 3, 4, 5, 6 & 8, remodel 8	1,422,228	1,293,671	128,557
Roberts	Classroom Wing / Intercom Replacement	4,895,466	2,751,087	2,144,379
Ruediger	Renovate / Remodel, Site, New Dining	454,147	258,845	195,302
SAIL	Gym, Site, Expand Kitchen & Dining, Renovate Bldg 7	7,011,446	539,677	6,471.769
Transportation	Building Build Out	5,755,244	1,581,391	4,173,853
Woodville	New Food Service, Cafeteria & Stage	3,932,806	1,071,631	2,861.175
WT Moore	New Construction	2,066,415	1,699,182	367,233
TOTAL		$42,482,467	$14,789,019	$27,693,447

7. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

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. Property protection, workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage when total claims minus specific excess coverage exceeds the loss fund established annually by the District. The District has contracted with an insurance administrator to administer these District's self-insurance programs, including the processing, investigating, and payment of claim.

A liability in the amount of $4,480,220 was actuarially determined to cover estimated incurred but not reported insurance claims payable at June 30, 2015.

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2013 – 2014	$5,450,235	$2,029,562	$(1,154,775)	$6,325,022
2014 – 2015	$6,325,022	$(584,104)	$(1,260,698)	$4,480,220

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

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

8. LONG-TERM LIABILITIES

Note Payable

Description	Amount Outstanding	Interest Rate	Final Maturity
Section 1011.14 FL Statutes, Note:			
School Buses	$ 2,240,000	1.56%	2016

The District entered into a financing arrangement on November 9, 2011, under the provision of Section 1011.14, Florida Statutes, which authorizes district school boards to create obligations for a period of one year, in anticipation of budgeted revenues accruing on a current basis, without pledging the credit of the District or requiring future levy of taxes for certain purposes. These obligations may be extended from year to year, with the consent of the lender, for a period not to exceed four years, for a total of five years, including the initial year of the loan. This obligation was undertaken to purchase 30 Compressed Natural Gas school buses.

Amounts payable for the planned extended repayment of the Section 1011.14, Florida Statutes, bank loan are as follows

Fiscal Year Ending June 30	Total	Principal	Interest
2016	$ 1,146,258	$ 1,120,000	$ 25,258
2017	1,128,753	1,120,000	8,753
	$ 2,275,011	$ 2,240,000	$ 35,011

Lease Purchase Agreement

Description	Amount Outstanding	Interest Rate	Final Maturity
Lease Purchase Agreement:			
School Buses	$ 8,113,870	2.033%	October 1, 2023

8. LONG-TERM LIABILITIES (continued)

Lease Purchase Agreement (continued)

The District entered into a financing arrangement on December 18, 2014, which was characterized as a lease purchase agreement, whereby the District secured financing to purchase 45 buses.

Amounts payable for the planned extended repayment of the lease purchase agreement is as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2016	$ 991,397	$ 861,725	$ 129,672
2017	991,397	843,960	147,437
2018	991,397	861,119	130,278
2019	991,397	878,626	112,771
2020	991,397	896,488	94,909
2021 - 2024	3,965,592	3,771,952	193,640
	$ 8,922,577	$ 8,113,870	$ 808,707

9. CERTIFICATES OF PARTICIPATION

The District entered into a financing arrangement on October 1, 1997, which was characterized as a lease-purchase agreement with the Leon County School Board Leasing Corporation (Leasing Corporation), whereby the District secured financing of Lawton Chiles High School in the total amount of $34,970,000. The financing was accomplished through the issuance of Certificates of Participation (COPs), Series 1997, to be repaid from the proceeds of rents paid by the District.

On November 1, 2004, the master financial arrangement was amended and the Leasing Corporation issued COPs, Series 2004 Qualified Zone Academy Bonds (QZABs), in the amount of $3,313,000. Under the terms of the lease agreement for the Series 2004 QZABs, the District is required to make the five annual payments of $418,854, which are deposited with a trustee and are to be invested in accordance with a repurchase agreement until maturity and, when combined with interest earnings, will be sufficient to pay off the principal balance in full, at maturity on November 23, 2020.

On March 9, 2005, the Leasing Corporation issued COPs, Series 2005, Refunding, in the amount of $27,285,000, to advance refund a portion of the COPs, Series 1997.

9. CERTIFICATES OF PARTICIPATION (continued)

On June 15, 2006, the master financing arrangement was amended and the Leasing Corporation issued COPs, Series 2006, in the amount of $61,795,000. The COPs were issued to secure financing of various educational facilities throughout the District.

On March 6, 2008, the master financing arrangement was amended and the Leasing Corporation issued COPs, Series 2008A QZABs, in the amount of $5,000,000. The QZABs were issued to secure financing of improvements to be made at three District schools.

On July 25, 2008, the master financing arrangement was amended and the Corporation issued COPs, Series 2008B QZABs, in the amount of $15,000,000. The QZABs were issued to secure financing of improvements to be made at three District schools.

On September 24, 2010, the master financing arrangement was amended and the Corporation issued COPs, Series 2010 Qualified School Construction Bonds (QSCBs), in the amount of $18,597,000. The QSCBs were issued to secure financing of improvements to be made at four District schools.

On December 28, 2010, the master financing arrangement was amended and the Corporation issued COPs, Series 2010 QZABs, in the amount of $33,209,140. The QZABs were issued to secure financing of improvements to be made at ten District schools.

As a condition of the financing arrangements, the District gave ground leases on District properties to the Leasing Corporation, with a rental fee of $10 per year. The initial terms of the leases are approximately 35 years commencing on October 1, 1997 (Series 1997); 16 years commencing on November 1, 2004 (Series 2004 QZABs); 17 years commencing on March 1, 2005 (Series 2005, Refunding); 20 years commencing June 15, 2006 (Series 2006); 16 years commencing on March 6, 2009 (Series 2008A QZABs); 15 years commencing on July 25, 2008 (Series 2008B QZABs); 15 years commencing on July 1, 2012 (Series 2010 QSCBs); and 18 years commencing on December 1, 2011 (Series 2010 QZABs). The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the leases and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the COPs for a period of time specified by the arrangement which may be up to 35 years from the date of inception of the arrangement.

9. CERTIFICATES OF PARTICIPATION (continued)

The District properties included in the ground leases under these arrangements include the Lawton Chiles High School (Series 1997 and Series 2005, Refunding); technology equipment at 24 District school sites as listed in the lease schedule for the Series 2004 QZABs; construction of Montford Middle School, Conley Elementary School, and renovations to Pineview Elementary School, Deerlake Middle School, Killearn Lakes Elementary School, Lawton Chiles High School and Lincoln High School (Series 2006); technology-related improvements at Riley Elementary School, Griffin Middle School, and Godby High School (Series 2008A QZABs and Series 2008B QZABs); new construction at Gilchrist Elementary School, Killearn Lakes Elementary School, Kate Sullivan Elementary School, and Gretchen Everhart School (Series 2010 QSCBs); and renovations at Astoria Park Elementary School, Canopy Oaks Elementary School, Ft. Braden School, Oak Ridge Elementary School, Sabal Palm Elementary School, Springwood Elementary School, Woodville Elementary School, Fairview Middle School, Raa Middle School, and Rickards High School (Series 2010 QZABs).

The Series 2004 QZABs mature on November 23, 2020, with interest paid by the Federal government in the form of annual tax credits to the holders of the COPs. The lease payments for the Series 2005, Refunding, and Series 2006 are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 2.5 to 4.25 percent and 3.625 to 4.5 percent, respectively. The lease payments for the Series 2008A QZABs are payable annually on March 9 at a fixed interest rate of 0.19 percent. The lease payments for the Series 2008B QZABs are payable annually on July 25 at a fixed interest rate of 1.7 percent. The lease payment for the Series 2010 QSCBs are payable annually on September 1 at a fixed rate of 4.84 percent. The lease payments for the Series 2010 QZABs are payable annually on December 1 at a fixed interest rate of 5.68 percent. Both the Series 2010 QSCBs and the Series 2010 QZABs receive a Federal subsidy at the same rate of interest as the bond, resulting in a net zero percent cost to the District.

The Series 2010 QZABs include a 10% matching contribution, based on the amount issued, in the form of cash or in-kind contributions pledged by various vendors. The total amount of contributions received as of June 30, 2015 is $50,745 in cash contributions and $155,743 in in-kind contributions.

9. CERTIFICATES OF PARTICIPATION (continued)

A schedule of future minimum lease payments under the lease agreement together with the present value of minimum lease payments is as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2016	$ 8,409,059	$ 5,472,000	$ 2,937,059
2017	8,381,029	5,632,000	2,749,029
2018	8,366,032	5,817,000	2,549,032
2019	8,333,466	5,997,000	2,336,466
2020	8,314,867	6,207,000	2,107,867
2021 – 2025	43,194,009	36,521,000	6,673,009
2026 – 2029	65,544,078	64,936,240	607,838
	$ 150,542,540	$130,582,240	$19,960,300
Add: Unamortized Premium		606,020	
Total Certificates of Participation		$131,188,260	

10. BONDS PAYABLE

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

Bond Type	Amount Outstanding	Interest Rate	Annual Maturity To
State Schools Bonds:			
Series 2009A (New Money)	$ 825,000	4.00- 5.00%	2029
Series 2009A (Refunding)	140,000	5.00%	2019
Series 2010A (2001 Refunding)	495,000	4.00-5.00%	2021
Series 2014B (Refunding)	1,325,000	2.00-5.00%	2020
District Revenue Bonds:			
Series 2014	72,495,000	2.00-5.00%	2027
Total Bonds	75,280,000		
Add: Unamortized Bond Premiums	8,383,056		
Total Bonds Payable	$ 83,663,056		

10. BONDS PAYABLE (continued)

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

State School Bonds

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

Sales Tax Revenue Bonds, Series 2014

These bonds are authorized by Section 212.055(6), Florida Statutes. These bonds are secured by a pledge of proceeds from a one-half cent discretionary sales surtax levied as authorized by the voters of Leon County on November 6, 2012.

The District pledged a total of $102,644,025 of discretionary surtax sales revenues (sales tax revenues) in connection with the Series 2014 Sales Tax Revenue Bond issue described above. During the 2014-2015 fiscal year, the District recognized sales tax revenues totaling $19,937,353 and expended $398,747 (2 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax revenues are committed until final maturity of the debt, or September 1, 2027. Assuming a nominal growth rate in the collection of sales tax revenues, approximately 35 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

10. BONDS PAYABLE (continued)

Annual requirements to amortize all bonded debt outstanding as of June 30, 2015, are as follows:

	Fiscal Year Ended June 30	Total	Principal	Interest
Start School Bonds:				
	2016	$ 1,107,971	$ 971,000	$ 136,971
	2017	573,108	490,000	83,108
	2018	296,608	238,000	58,608
	2019	226,708	180,000	46,708
	2020	189,558	151,000	38,558
	2021 – 2025	515,935	400,000	115,935
	2026 – 2029	395,700	355,000	40,700
		3,305,588	2,785,000	520,588
Sales Tax Revenue Bonds:				
	2016	7,506,000	4,170,000	3,336,000
	2017	7,461,075	4,295,000	3,166,075
	2018	7,455,950	4,510,000	2,945,950
	2019	7,449,825	4,735,000	2,714,825
	2020	7,447,075	4,975,000	2,472,075
	2021 – 2025	37,135,875	28,865,000	8,270,875
	2026 – 2028	22,259,625	20,945,000	1,314,625
		96,715,425	72,495,000	24,220,425
		$ 100,021,013	$ 75,280,000	$ 24,741,013

11. DEFEASED DEBT

In prior years, the Board defeased in substance various debt issues by placing a portion of the proceeds of the new COPs and bonds in an irrevocable trust to provide for all future debt service payments on the in-substance defeased COPs. Accordingly, the trust account assets and the liability for the in-substance defeased COPs are not included in the District's financial statements. The details of the in-substance defeased debt as of June 30, 2015, is as follows:

COPs Issue	Defeased Debit
COPs, Series 1997	$15,955,000

12. CHANGES IN LONG-TERM LIABILITIES

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

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Governmental Activities					
Estimated liability for unpaid claims	$ 6,325,022	$ -	$ 1,844,802	$ 4,480,220	$ 918,783
Notes Payable	3,360,000	-	1,120,000	2,240,000	1,120,000
Lease purchase agreements payable	-	8,113,870	-	8,113,870	861,725
Bonds Payable	87,900,473	1,417,525	5,654,942	83,663,056	5,141,000
Certificates of Participation Payable	136,559,144	-	5,370,884	131,188,260	5,472,000
Liability for compensated absences	28,171,109	3,186,409	1,393,562	29,963,956	3,219,559
Other Post-Employment Benefit Payable	14,865,279	2,764,980	1,670,213	15,960,046	-
Pension FRS / HIS	-	82,097,234	-	82,097,234	-
Total Governmental Activities	$277,181,027	$ 97,580,018	$ 17,054,403	$ 357,706,642	$ 16,733,067

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

13. 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. The District classifies amounts reported as inventories as nonspendable.

13. FUND BALANCE REPORTING (continued)

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. The District classifies most of its fund balances other than General Fund, as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.

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.

14. INTERFUND RECEIVABLES AND PAYABLES

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

	Interfund	
Funds	Receivables	Payables
Major:		
General	$ 1,301,318	$ 606,447
Special Revenue		760,265
Capital Projects		6,757,528
Capital Projects		
Other	6,757,528	
Non Major Governmental	586,988	270,686
Fiduciary		250,908
Total	$ 8,645,834	$ 8,645,834

The principal purposes of the interfund balances are to meet current obligations where sufficient moneys were not available. All balances are expected to be repaid within one year.

15. REVENUE AND EXPENDITURES / EXPENSES

Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2014-2015 fiscal year:

Source	Amount
Florida Education Finance Program	$103,710,982
Categorical Educational Program - Class Size	36,227,043
Workforce Development Program	6,287,075
Motor Vehicle License Tax (Capital Outlay and	1,365,247
School Recognition	1,772,731
Charter School Capital Outlay	479,041
Adults with Disabilities	575,512
Voluntary Prekindergarten Program	437,597
Discretionary Lottery Funds	117,832
Food Service Supplement	157,986
Miscellaneous	4,058,328
Total	$155,189,374

Property Taxes

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

	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	5.098	$ 74,680,383
Basic Discretionary Local Effort	0.748	10,878,349
Capital Projects Funds:		
Nonvoted Tax:		
Local Capital Improvements	1.500	21,810,859
Total		$ 107,369,591

16. INTERFUND TRANSFERS

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

Funds	Interfund Transfer In	Interfund Transfer Out
Major:		
General	$ 5,761,066	$ 281,323
Capital Projects:		
Other Capital Projects	915,308	5,929,089
Non Major Governmental	19,140,866	19,606,828
Total	$ 25,817,240	$ 25,817,240

The principal purposes of the interfund transfers were to transfer Capital Projects – Local Capital Improvement Fund maintenance money to the General Fund, transfer funds from the Capital Projects – Local Capital Improvement and Capital Projects – Other Funds to the debt service funds (non-major governmental funds) for repayment of COPs and sales tax revenue bonds, respectively.

17. LITIGATION

The District is involved in several pending and threatened legal actions. Although the outcome of these law suits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters should not materially affect the financial condition of the District.

The United States Attorney's Office, in coordination with other Federal and State government entities, has initiated an investigation into potential criminal activities. The Board has not been advised of any specific criminal violations or individuals targeted in this investigation and cannot predict at this time whether any criminal charges will be filed and, if so, whether there will be any impact on the District's financial condition.

18. SUBSEQUENT EVENTS

On April 14, 2016, the District issued Series 2016A Certificates of Participation (2016A COPs) in the amount of $58,410,000. The 2016A COPs were issued to refund the 2005 and 2006 Series Certificates of Participation. The 2016A COPs were issued at an interest rate of 1.818%.

Other Required Supplementary Information

Leon County District School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal direct	$ 234,158	$ 230,837	$ 230,837	$ -
Federal through state	50,000	57,160	57,160	-
State sources	153,444,646	152,981,095	152,981,095	-
Local sources:				
Property taxes levied for operational purposes	85,681,732	86,508,179	86,508,179	-
Other local revenue	8,167,145	11,507,114	11,507,114	-
Total local sources	93,848,877	98,015,293	98,015,293	-
Total revenues	247,577,681	251,284,385	251,284,385	-
Expenditures				
Current:				
Instruction	158,722,049	158,679,189	148,692,974	9,986,215
Pupil personnel services	9,205,934	11,392,671	8,750,510	2,642,161
Instructional media services	3,953,030	3,848,347	3,686,410	161,937
Instruction and curriculum development services	7,705,993	10,072,494	9,759,046	313,448
Instructional staff training services	590,885	1,230,470	347,425	883,045
Instruction related technology	2,353,213	2,594,202	2,333,846	260,356
School board	1,291,771	1,233,167	1,170,539	62,628
General administration	1,878,958	2,326,773	1,871,332	455,441
School administration	19,530,138	20,770,684	19,811,044	959,640
Facilities acquisition and construction	3,051,488	2,535,718	1,198,722	1,336,996
Fiscal services	2,161,521	2,280,595	2,234,430	46,165
Central services	10,591,389	8,321,110	6,565,638	1,755,472
Pupil transportation	12,442,899	13,513,108	12,962,037	551,071
Operation of plant	23,875,947	23,280,764	19,887,354	3,393,410
Maintenance of plant	7,859,898	9,082,656	8,947,378	135,278
Administrative technology services	4,726,218	5,460,387	4,834,135	626,252
Community services	7,247,119	7,207,267	5,067,179	2,140,088
Debt Service:				
Retirement of Principal	-	-	-	-
Interest	-	-	-	-
Dues, Fees and Issuance Costs	-	-	-	-
Miscellaneous Expenditures	-	-	-	-
Capital outlay:				
Facilities acquisition and construction	-	-	5,950	(5,950)
Other capital outlay	-	-	-	-
Total expenditures	277,188,450	283,829,602	258,125,949	25,703,653
Excess (deficiency) of revenues over (under) expenditures	(29,610,769)	(32,545,217)	(6,841,564)	(25,703,653)
Other financing sources (uses)				
Transfers in	4,152,935	5,761,066	5,761,066	-
Transfers out	-	(281,323)	(281,323)	-
Total other financing sources (uses)	4,152,935	5,479,743	5,479,743	-
Net change in fund balances	(25,457,834)	(27,065,474)	(1,361,821)	25,703,653
Fund balances - July 1, 2014	34,077,105	34,077,105	34,077,105	-
Fund balances - June 30, 2015	$ 8,619,271	$ 7,011,631	$ 32,715,284	$ 25,703,653

See report of independent auditors.

Leon County District School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Other Federal Programs
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Federal direct	$ 2,183,264	$ 1,897,162	$ 1,896,346	$ (816)
Federal through state and local	27,712,769	30,208,325	18,689,132	(11,519,193)
Total revenues	29,896,033	32,105,487	20,585,478	(11,520,009)
Expenditures				
Current:				
Instruction	14,985,530	16,108,181	9,073,649	7,034,532
Pupil personnel services	1,370,079	1,512,283	922,901	589,382
Instruction and curriculum development services	5,460,726	6,189,403	5,123,809	1,065,594
Instructional staff training services	2,558,737	2,316,949	1,278,099	1,038,850
Instruction related technology	63,069	63,069	49,161	13,908
School board	500	466	466	-
General administration	1,651,150	1,898,939	1,108,551	790,388
School administration	57,785	60,650	14,949	45,701
Facilities acquisition and construction	3,000	125,500	39,991	85,509
Fiscal services	2,500	2,946	2,825	121
Central services	80,827	282,897	199,495	83,402
Pupil transportation	98,465	106,629	66,352	40,277
Operation of plant	5,285	6,432	3,162	3,270
Maintenance of plant	8,555	8,055	2,903	5,152
Administrative technology services	-	-	-	-
Community services	2,371,997	2,073,561	2,049,730	23,831
Capital outlay:				
Other capital outlay	1,177,827	1,349,527	649,435	700,092
Total expenditures	29,896,032	32,105,487	20,585,478	11,520,009
Net change in fund balances				
Fund balances - July 1, 2014	-	-	-	-
Fund balances - June 30, 2015	$ -	$ -	$ -	$ -

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2015

Other Postemployement Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2008	$ -	$ 32,190,831	$ 32,190,831	0.00%	$ 126,679,643	25.35%
10/1/2011	$ -	$ 27,721,142	$ 27,721,142	0.00%	$ 114,207,168	24.27%
10/1/2013	$ -	$ 25,234,070	$ 25,234,070	0.00%	$ 114,709,308	22.00%

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2015

Schedule of Proportionate Share of Net Pension Liability -
Florida Retirement System
Last 10 Fiscal Years

	Fiscal Year Ending June 30,	
	2014	**2013**
Proportion of the net pension liability	0.463930418%	0.464637005%
Proportionate share of the net pension liability	$ 28,306,578	$ 79,984,708
Covered-employee payroll	$ 153,320,119	$ 163,946,076
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	18.46%	48.79%
Plan fiduciary net position as a percentage of the total pension liability	96.09%	88.54%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2015

Schedule of Contributions -
Florida Retirement System
Last 10 Fiscal Years

	Fiscal Year Ending June 30,	
	2015	**2014**
Contractually required contributions	$ 10,965,480	$ 10,162,045
Contributions in relation to the contractually required contribution	(10,965,480)	(10,162,045)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 155,392,691	$ 153,320,119
Contributions as a percentage of covered-employee payroll	7.06%	6.63%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2015

Schedule of Proportionate Share of Net Pension Liability -
Health Insurance Subsidy Program
Last 10 Fiscal Years

	Fiscal Year Ending June 30,	
	2014	**2013**
Proportion of the net pension liability	0.575286134%	0.602917578%
Proportionate share of the net pension liability	$ 53,790,657	$ 52,491,902
Covered-employee payroll	$ 153,320,119	$ 163,946,076
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.08%	32.02%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	1.78%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2015

Schedule of Contributions -
Health Insurance Subsidy Program
Last 10 Fiscal Years

	Fiscal Year Ending June 30,	
	2015	2014
Contractually required contributions	$ 2,194,514	$ 1,970,737
Contributions in relation to the contractually required contribution	(2,194,514)	(1,970,737)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 155,392,691	$ 153,320,119
Contributions as a percentage of covered-employee payroll	1.41%	1.29%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See report of independent auditors.

Federal Reports and Schedules

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

Superintendent of Schools
Leon County District School Board Members

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Leon County District School Board (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Leon County District School Board's basic financial statements and have issued our report thereon dated April 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2015-002 and 2015-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 2015-004.

We noted certain matters that we reported to management of the District, in a separate letter dated April 15, 2016.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Thomas Howell Ferguson P.A. Law, Redd, Crona & Munroe, P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 15, 2016

Law, Redd, Crona & Munroe P.A.
Tallahassee, Florida

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Superintendent of Schools
Leon County District School Board Members

Report on Compliance for Each Major Federal Program

We have audited Leon County District School Board's (District) 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 year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' 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 year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as finding 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2015-004, to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Thomas Howell Ferguson P.A. Law, Redd, Crona & Munroe, P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 15, 2016

Law, Redd, Crona & Munroe P.A.
Tallahassee, Florida

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor Number	Amount of Expenditures
United States Department of Agriculture			
Direct Program:			
Healthier US School Challenge: Smarter Lunchrooms	10.543	n/a	$ 8,500
Pass-through Florida Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	13002	2,258,906
National School Lunch Program	10.555	13001, 13003	8,119,507
Summer Food Service Program for Children	10.559	3232A, 3252A, 13006, 13007	267,365
Total Child Nutrition Cluster			10,645,778
Fresh Fruit and Vegetable Program	10.582	13004	122,725
Pass-through Florida Department of Financial Services:			
Schools and Roads-Grants to States	10.665	n/a	57,160
Total United States Department of Agriculture			10,834,163
United States Department of Justice			
Pass-through Florida Department of Juvenile Justice:			
Juvenile Justice Delinquency Prevention - Allocation to States	16.540	80.029	43,707
United States Department of Education			
Direct Programs:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	n/a	32,448
Federal Pell Grant Program	84.063	n/a	1,863,898
Total Student Financial Assistance Cluster			1,896,346
Total Direct Programs, United States Department of Education			1,896,346
Indirect Programs:			
Pass-through Florida Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	262, 263	6,912,743
Special Education - Preschool Grants	84.173	266, 267	487,564
Total Special Education Cluster			7,400,307
Adult Education - Basic Grants to States	84.002	191,193	308,609
ARRA- State Fiscal Stabilization Fund- Race-to-the-Top Incentive Grants, Recovery Act	84.395	RA111, RL111, RG411	1,208,864
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	8,272,276
School Improvement Grants	84.377	126	209,885
Career and Technical Education - Basic Grants to States	84.048	161	538,417
Education for Homeless Children and Youth	84.196	127	42,349
Charter Schools	84.282	298	82,920
Twenty-First Century Community Learning Centers	84.287	244	224,944
English Language Acquisition State Grants	84.365	102	81,280
Improving Teacher Quality State Grants	84.367	224	1,322,809
Total Indirect Programs, United States Department of Education			12,292,353
Total United States Department of Education			21,589,006
United States Department of Health and Human Services			
Pass-through the Early Learning Coalition of the Big Bend Region:			
Temporary Assistance for Needy Families	93.558	SR040	10,965
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	SR040	12,220
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	SR040	15,645
Total Child Care and Development Fund Cluster			27,865
Total United States Department of Health and Human Services			38,830

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor Number	Amount of Expenditures
Corporation for National and Community Service			
Pass-through Volunteer Florida:			
AmeriCorps	94.006	150198	121,190
United States Department of Homeland Security			
Pass-through Florida Department of Education			
Homeland Security Grant Program	97.067	532	39,992
United States Department of Defense			
Direct Programs:			
Air Force Junior Reserve Officers Training Corps	none	n/a	60,245
Navy Junior Reserve Officers Training Corps	none	n/a	59,145
Army Junior Reserve Officers Training Corps	none	n/a	51,312
Marine Corps Junior Reserve Officers Training Corps	none	n/a	60,135
Total United States Department of Defense			230,837
Total Expenditures of Federal Awards			$ 32,897,725

Notes:

(1) The Schedule of Expenditures of Federal Awards was prepared on the modified accrual basis of accounting.

(2) Food Donation - Expenditures represents the amount of donated food used during the 2014-15 fiscal year. Commodities are valued at fair value as determined at the time of donation.

(3) Of the federal expenditures presented in the schedule, Leon County District School Board provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Special Education - Grants to States	84.027	$ 166,562
Improving Teacher Quality State Grants	84.367	12,062
Special Education - Preschool Grants	84.173	84,239
Title I Grants to Local Educational Agencies	84.010	197,216
Charter Schools	84.282	82,920
ARRA- State Fiscal Stabilization Fund- Race-to-the-Top Incentive Grants, Recovery Act	84.395	9,177
Twenty-First Century Community Learning Centers	84.287	34,113
		$ 586,289

See the independent auditors' report on the financial statements.

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I -- Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	Yes

Identification of major programs:

CFDA Number	Name of Federal Programs
	United States Department of Agriculture
	Pass through Florida Department of Agriculture and Consumer Services
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
	United States Department of Education
	Student Financial Assistance Cluster
84.007	Federal Supplemental Educational Opportunity Grants
84.063	Federal Pell Grant Program
	Pass through Florida Department of Education
84.367	Improving Teacher Quality State Grants
	Special Education Cluster
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$986,932
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

MATERIAL WEAKNESS

2015-001 Capital Assets

Criteria: Capital assets, net of accumulated depreciation, were approximately $350 million and represent approximately two-thirds of the District's total assets for the fiscal year ended June 30, 2015. To prevent material misstatements in its financial statements, the District should reconcile capital asset balances per the District's capital asset subsidiary record to the financial accounting records. The District's capital asset and depreciation policies are described in the notes to its financial statements.

Condition: During our audit procedures, we noted that in response to the prior year finding, the District implemented new capital asset management software during FY 2014-15. Prior to the migration from the previous system to the new system, the capital asset balances per the District's capital asset subsidiary record were not reconciled to the financial accounting records, nor was a reconciliation of the inventory records from the previous system to the records created in the new system performed. In addition, the new software does not allow for reports as of a specified date or period and can only be generated as of the current date. In addition, construction-in-process cost schedules generated by the Construction and Facilities Management Accounting Office that were used to report construction-in-process in the Annual Financial Report (AFR) for the year ended June 30, 2015 were not reconciled to the financial accounting records. Lastly, during our audit procedures the District was unable to provide adequate documentation of asset disposals for four of the five assets selected for testing.

Effect: Capital assets represent a huge commitment of resources for the District. Without adequate procedures to reconcile the physical inventory of assets to the subsidiary records, along with the reconciliation of the subsidiary records to the accounting records, the District cannot provide the proper accountability and valuation of the District's capital assets.

Cause: Lack of adequate procedures and supervision over the process of accounting and reporting of Capital Assets in the financial accounting records.

Recommendation: The capital asset inventory system should be reconciled to the physical inventory on an annual basis and any differences be researched and resolved in a timely manner, including any adjustments required to the asset management system and the financial accounting records. Procedures for additions and disposals of assets should be reviewed to ensure compliance with all District policies and procedures, especially the procedures for obtaining proper authorization and documentation of asset disposals. In addition, the capital asset subsidiary records should be reconciled to the financial accounting records on a regular basis to ensure the proper accounting and reporting of these assets.

Leon County District School Board
Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance (continued)
For the Year Ended June 30, 2015

2015-001 Capital Assets (continued)

Views of responsible officials and planned corrective actions: The Capital Assets internal control problem consisted of two parts. One part was to properly produce reports from the fixed assets financial software system that could be reconciled to the physical inventory records. The other part was to timely input capital asset purchases and disposals.

When the fixed asset system was populated, the District had key retirements of personnel. This resulted in assets input in to the system without proper reconciliation to supporting documentation. It also resulted in assets classified within only three classifications, which negated the ability to run reports by asset type. Changes to the asset type were accomplished by establishing eleven more account lines in the fixed asset system. A mass change was completed in the system to move software, vehicles, building land improvements and equipment from incorrect account and depreciation lines to appropriate ones. Detailed reports were run enabling identification and removal of duplicate items. Assets in the system lacking classification codes were identified and properly classified. Mass changes were made to depreciation codes for each category, allowing clear identification of depreciation. All buildings, land improvements, and software were reconciled. Buildings, land improvements, and software for fiscal years 2012 through 2015 were added. The Finance Department will input building and land improvements into the fixed asset system. The Warehouse will continue to input furniture, fixtures, equipment, software and audio visual assets. A system has been created to track construction in progress to identify all expenditures associated with construction projects, including the final amount for the year end closing. A financial liaison will perform a monthly reconciliation of items input into the system by property management from purchase orders and purchasing cards.

The process for timely inputting asset purchases and disposals is a work in progress. A draft property management procedures manual has been produced. The Facilities Department is refining the process to timely input capitalized asset purchases. The Superintendent has appointed a District committee consisting of District stakeholders to review and amend procedures to promptly and accurately record capitalized asset expenditures.

SIGNIFICANT DEFICIENCY

2015-002 FINANCIAL REPORTING

Criteria: The District's Annual Financial Report (AFR) should be accurate upon submission to the Florida Department of Education.

Condition: During our audit procedures, schedules generated from departments outside of finance were not proofed or checked before being recorded in the annual financial report. Notes to the financial statements were not updated to reflect the current year reporting of major funds, investment disclosures, and revenue sources disclosures. Component unit financial statements were not reviewed by the Finance Department before inclusion in the AFR.

Effect: The Annual Financial Report submitted to the Florida Department of Education contained errors and inaccuracies.

Cause: Lack of adequate procedures, supervision, and staffing resources over the preparation process of the Annual Financial Report.

Recommendation: We recommend that a review of the AFR be performed by an employee who is independent of the preparation. The review should include agreeing the information included in the AFR to supporting schedules and reports.

Views of responsible officials and planned corrective actions: The responsibility of completing the AFR will now be shared by the Director of Financial Services and the Chief Financial Officer. In past years, the Director of Financial Services completed the entire AFR.

For the 2016 AFR, the Director of Financial Services will prepare the fund and government-wide statements. The Chief Financial Officer will prepare the Management Discussion and Analysis and the Notes to the Financial Statements. This will enable a second set of eyes to verify the financial statement data. A trial balance will also be run so a person independent of this process can verify the amounts in the financial statements and notes to the financial statements.

2015-003 CASH MANAGEMENT AND TREASURY

Criteria: The District should reconcile all of its bank accounts for investments and project accounts to the financial accounting records on a regular basis.

Condition: During our audit procedures we noted certain bank accounts utilized by the District for investment purposes were not reconciled to the financial accounting records. In addition, one general ledger account consisted of three separate bank accounts. Also, accounts were not consistently titled in the name of the Leon County School District or Board.

Effect: When reconciliation procedures are not performed for all cash and investment accounts, the controls over cash and investments may be circumvented. The lack of reconciliations increases the risk of undetected errors and misappropriations. In addition, the changes in fair market value and interest earnings may not be reported in a timely manner.

Cause: The District does not adequately review its cash and investment accounts to ensure that all accounts are reconciled to the accounting records.

Recommendation: We recommend that the District improve its controls over cash and investments by developing a list of all cash accounts and assigning preparation and review responsibilities for each account. The list of cash and investment accounts should be updated for any changes in the District's banking arrangements, especially for new accounts required under new bond covenants. Additionally, this will assist the District in the monitoring of debt covenants and related matching requirements. Lastly, we recommend that a comprehensive review of all cash and investment accounts be performed in order to determine each accounts purpose and ensure that each account is properly titled, signature authority is appropriate, and that the account continues to meet the needs of the District.

Views of responsible officials and planned corrective actions: The responsibility of reconciling accounts used for investment purposes has been assigned to a Senior Accountant in the Finance Department. All accounts will be reconciled and reviewed by a person independent of the Senior Accountant. Additionally, this will include resolution of all differences prior to final approval of the reconciliation.

All District checking accounts will be consistently titled in accordance with the guidance provided in Florida Statutes and IRS regulations. Although, we acknowledge the value in changing the names for the sake of consistency, it should be noted that these accounts have had the various titles for the past twenty-six years.

	Questioned Costs
SECTION III - Findings and Questioned Costs - Major Federal Award Programs (continued)	

Finding 2015-004

United States Department of Education
Pass-Through Florida Department of Education
Special Education - Grants to States CFDA 84.027

Criteria: Per OMB Circular A-87, where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Condition: Semi-annual certifications for the fiscal year could not be located for an employee funded 100% by the grant.	$ 72,321

Context: The questioned costs of $72,321 represent the total salary and benefits expense for the employee charged to the grant for the year ended June 30, 2015.

Effect: Noncompliance with Allowable Costs/Cost Principles - Compensation of Personnel Services

Cause: Oversight

Recommendation: The District should enhance its procedures to ensure all salaries and wages paid with federal awards are supported by the appropriate documentation outlined in OMB Circular A-87.

Views of Responsible Officials and Planned Corrective Actions: Semi-annual certifications will be completed and maintained for all employees charged to the grant.

See the independent auditors' report on the financial statements.

LEON COUNTY DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Prior Year's Finding and Recommendation

The current year status of the prior year recommendation is presented below:

Finding 2014-001: Allowable Costs/Cost Principles – Compensation of Personnel Services

United States Office of Management and Budget (OMB) Circular A-87, Attachment A, Section C.1, provides, in part, that costs must be adequately documented to be allowable under Federal Awards.

Tests of Special Education program expenditures disclosed that expenditures were generally appropriate; however, for payments for psychological services to one vendor, totaling $41,910, District records did not initially provide evidence that District personnel with direct knowledge confirmed and documented receipt of the services by using records, such as sign-in and out sheets. Subsequent to our inquiry, District personnel provided documentation evidencing the propriety of these expenditures. Without documenting that contracted services received are consistent with District expectations prior to payment, there is an increased risk that services may not be consistent with District intent and Federal regulations, and for errors or fraud to occur without timely detection.

Recommendation: The District should enhance its procedures to ensure that services are received prior to payment.

FY 2015 Status: Corrective action has been implemented.

Other Reports

Management Letter

Superintendent of Schools
Leon County District School Board Members

Report on the Financial Statements

We have audited the basic financial statements of the Leon County District School Board (the District) as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated April 15, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.800, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for each Major Federal Program, Report on Internal Control over Compliance in Accordance with OMB Circular A-133, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report in accordance with Chapter 10.800, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 15, 2016, should be considered in conjunction with this management letter.

Current Year June 30, 2015 Recommendations

2015-005 Audit Committee and Internal Audit Department

There are no Audit Committee minutes for any meetings that may have occurred between August 15, 2013 and March 13, 2015. As a result, a 2014-15 work plan for the Internal Auditing Department (Internal Audit) was not approved by the Audit Committee in accordance with the District's Policy No. 6840. A draft Annual Work Plan for FY 2015-16 was approved by the Audit Committee and the Board, but there is no evidence that a formal risk assessment of District operations was performed to identify areas for inclusion in the plan despite significant prior year financial and operational audit findings by the Florida Auditor General.

The Audit Committee and Internal Audit function are an integral part of the system of internal control of the District. Regular monitoring of the District's system of internal controls provides vital information to the Superintendent and the School Board. The Internal Auditing Department's annual work plan should cover high risk areas and rotate through various audit areas of the District on a regular basis in order to monitor the system of internal controls, provide assurance that it is operating as expected, and to make recommendations for improvement. Currently, the Internal Audit's work plan is not based on a formal risk assessment and due to lack of staffing, is unable to be completed. We recommend that the Audit Committee convene as required to provide input into the process of developing the Annual Work Plan and to fulfill the Committee's responsibility for providing overall audit coverage of the District, along with ensuring that an adequate system of internal control and reporting has been implemented and effectively maintained.

Additionally, we recommend that the Audit Committee and the District evaluate its organizational and reporting structure , including its formal and informal oversight and supervision, to provide the necessary independent direction and management of the Internal Auditing Department. The independence of Internal Audit, both in fact and appearance, is necessary to ensure that the results of its audit work is reported to the appropriate organizational level and that recommendations for improvement are acted upon by management. Although policy states that the internal audit function reports to the Board, the Internal Audit Department effectively reports to District management.

Finally, we recommend that consideration be given to the staffing and training levels to ensure that the Internal Audit Department has adequate staffing with the requisite levels of education, training and experience required to provide the monitoring and reporting of the District's system of internal controls. For the majority of the year under audit, the internal audit department consisted of one full time employee.

Management Response:

The Audit Committee is comprised of community volunteers with expertise that is beneficial to the School Board, District management and the Office of Internal Auditing. In the future, Audit Committee meetings will convene at least twice per fiscal year, as prescribed in LCS Policy 6840 – Audit Committee. The time lapse between meetings resulted from the difficulty in coordinating schedules of all committee members, given that this committee is comprised of community volunteers. In order to minimize scheduling conflicts, standard meeting dates for the entire fiscal year will be established and approved by committee members at their next meeting. In an effort to ensure that the committee served the purpose for which it was established, the Director of Internal Auditing provided routine updates to the Audit Committee Chair when scheduling conflicts prevented a regular meeting.

Office of Internal Auditing staff conducts an annual risk assessment to identify projects that should be included in the Annual Work Plan. As a part of the risk assessment process, a draft work plan is provided to the Audit committee for discussion and approval, with final approval by the School Board. In the future, the risk assessment process will be further formalized and additional documentation will be maintained to support each step of the process. As a result of extremely difficult budget times and across board budgetary cuts throughout the District, the

Office of Internal Auditing functioned with only one full-time staff member for several years. An additional full-time staff member was added in August 2014. Even with two full-time staff, it should be noted current staffing levels will significantly impact the depth and breadth of projects included in the Annual Work Plan.

Per District Policy, the Director of Internal Auditing reports to the Audit Committee and School Board. This reporting structure has been consistently maintained by Internal Auditing Staff, the School Board, Audit Committee, and District Management. As previously noted, the Director of Internal Auditing has routine meetings with the Audit Committee Chair to discuss issues impacting the District. Office of Internal Auditing staff routinely attends all regular and special meetings of the School Board and provides direct response and follow-up to all requests of the Board.

Office of Internal Auditing staff will continue to pursue appropriate professional training and certification to keep abreast of the most current knowledge and skills relevant to the District and the profession of Internal Auditing. Further, all new hires will continue to be processed by the Human Resources Department to ensure that they possess the skill set necessary to effectively complete all assigned job responsibilities. Currently, Internal Auditing staff offers a combination of experience and professional expertise that includes college degrees (Bachelors and Masters), certification issued by the Institute of Internal Auditors and more than 20 years of relevant professional experience . The Office of Internal Auditing staff also holds memberships with national organizations that provide a continual educational resource relevant to the field.

2015-006 Purchase Card Transactions

A sample of fifty (50) purchase card (Pcard) transactions were selected for testing during the audit of the 2014-15 fiscal year. Several exceptions were noted, such as credit limits authorized on the Pcard issuance form did not agree with credit limits reported on the Bank of America statement, evidence of Pcard training could not be located, and there was no authorized approval on a Pcard expense summary sheet as required by District policy.

Adherence to policies and procedures will minimize the likelihood of errors and irregularities in the Pcard purchasing system. We recommend that the District review its Pcard policies and procedures with Pcard users to ensure compliance with established policies and procedures over purchase cards. In addition, we recommend that District personnel responsible for the review and approval of Pcard transactions ensure that approval policies and procedures are followed and that a periodic review of Pcard issuance and limits be established.

Management Response:

The one individual that purchase card training support could not be provided for was required to attend a training class as a refresher.

The purchase card program administrator receives requests for temporary and/or permanent single transaction limit and monthly limit increases. Statements will reflect these increases that have been granted and are tracked on a spreadsheet by fiscal year.

Principals are responsible for their school budgets and are therefore not required to have approval signatures on their expense memos. The dedicated purchase card program auditor is tasked with reviewing their statements for both appropriateness of purchase and funding source.

The purchase card program administrator will continue to review and monitor the program, card issuance and established limits in order to minimize the occurrence of these types of exceptions.

2015-007 Internal Accounts – Disbursements

Our test of cash disbursements identified the following:

1. There were two instances noted of checks at two schools that contained only one authorized signature on the check. Additionally, an instance was noted of a signature on a check which was not one of the authorized check signers on the signature card.
2. There were instances noted of incomplete supporting documentation for disbursement transactions (e.g. completed/ approved check requisition prior to purchase, receipt, invoice).
3. There were several instances of manual checks written in lieu of utilizing purchasing cards. In one instance, a blank check was delivered to an individual to purchase items at a home improvement store.
4. Several instances were noted of reimbursements to employees and volunteers when a purchasing card should have been utilized.
5. One instance was noted of a disbursement that was more than the associated approved purchase order.
6. At one school, the change fund was not withdrawn in accordance with District policy. An over the counter withdrawal was used instead of the approved check requisition form and check. Additionally, the bank withdrawal was posted on 8/21/14, but not recorded in the general ledger until 8/29/14.
7. At two schools, gift cards were purchased, but logs to acknowledge receipt of the gift cards were not completed.
8. Disbursements were noted from PTO funds which were not approved budgeted items.
9. At one school, tangible property disbursements exceeding the capitalization threshold were not tagged and added to the district's property register after the purchase was made and the property was delivered.

To be in compliance with the internal accounts manual, all checks must be signed by two authorized check signers. Adherence to this control procedure should be observed by the person receiving and opening the bank statement. Violation of the dual signature requirement should be investigated and documented. Additionally, reimbursements should only be issued for exceptions outlined in the Internal Accounts Manual. We recommend that the school maintain documentation to support the purchases and related disbursements made and that all documentation evidencing disbursements be approved by the principal and retained and filed in a manner that makes it easily accessible. If not evident from the receipt, the business purpose of the expense should be noted on the supporting documentation. The check signers should review supporting documentation, including an approved check requisition, prior to signing checks to make certain that all disbursements are for authorized and allowable purchases. The accountant should also carefully review receipts and disbursements posted to the general ledger to ensure they have been coded to the correct account. Fees collected must be spent for the purposes for which they were collected. Receipt descriptions should match the descriptions on the check requisition. Gift card logs should be maintained and distribution of gift cards should be evidenced by the signature of the employee receiving the gift card.

We recommend that all purchases over $750 for tangible property should be reported to the District's facilities management and added to the property register.

Management response:

The Budget Department continues to have routine bookkeeper meetings in which we cover the items listed in this comment. We also have an Internal Accounts Project Manager that works with the bookkeepers to train and monitor their transactions. We will provide additional training to strengthen internal controls over Internal Accounts activities.

2015-008 Internal Accounts - Receipts

At many of the schools, fee letters were not available to support the amounts requested from students. We also noted many instances where student receipts were not written for collections over $5.00. In addition, we noted instances where monies collected, based on copies of student receipts, were not remitted to the bookkeeper on the same day. There were two instances at one school where the requested cash receipts books could not be located. We also noted a deposit that was incorrectly coded to a different grade level's account. Lastly, we noted instances at two schools where facility rental receipts were deposited into the school's internal account, instead of the going through the District in accordance with the District's policy.

Additionally, we noted that the timing of deposits made by the schools was inconsistent with the internal accounts manual. The internal accounts manual states, "deposits should be made daily. If however, the cash on hand is not of an amount to warrant deposit, it should be placed in the school safe. At a minimum, it is recommended that cash receipts be deposited within three days of receipt."

We continue to recommend that cash be deposited within three days of receipt in order to comply with the internal accounts manual. A deposit should be made on the last day of the week so that cash is not kept in the schools over the weekend and a deposit should be made on the last day of the month to facilitate the closing of that month's books.

We also recommend that fees letters be maintained to support the amounts requested from students and that receipts are written for amounts over $5.00 in accordance with District policies and procedures. It is also important that receipt books are retained as support for all cash receipts. Lastly, facility rental receipts should be managed and deposited in accordance with the District's policies and procedures.

Management response:

The Budget Department continues to have routine bookkeeper meetings in which we cover the items listed in this comment. We also have an Internal Accounts Project Manager that works with the bookkeepers to train and monitor their transactions. We will provide additional training to strengthen internal controls over Internal Accounts activities.

2015-009 Internal Accounts – Internal Controls

Based on our interviews and testing, we identified the following related matters/exceptions to internal controls.

1. In accordance with the Internal Accounts Manual, an inventory should be maintained of non-capitalized technology purchases.
2. Several schools did not complete the year end bank reconciliation within 15 days of the following month.
3. At one school, an authorized check signer was on administrative leave and was not removed as an authorized check signor for approximately 8 months.
4. At one school, the bank statements were delivered to the Executive Secretary instead of directly to the principal.
5. At one school, the bank reconciliation was not properly prepared to include deposits in transit and online payments in the reconciliation.
6. At one school, the chart of accounts does not contain separate accounts for fee related activity in order to appropriately track the funds.

We recommend that the Leon County School District work with principals, assistant principals and other principal designees, and accountants to emphasize the internal controls that should be in place at each school, especially the accurate and timely preparation of bank reconciliations. Effective controls reduce the risk of fraud and improve accuracy of financial information.

Management response:

The Budget Department continues to have routine bookkeeper meetings in which we cover the items listed in this comment. We also have an Internal Accounts Project Manager that works with the bookkeepers to train and monitor their transactions. We will provide additional training to strengthen internal controls over Internal Accounts activities.

2015-010 IT General Controls

IT general controls surrounding the District's network could be improved as follows:

During our audit procedures, we noted that Active Directory access permissions are reviewed for appropriateness on an annual basis by District management. The default Administrator account had not been renamed in one of the District's Active Directory domains. Microsoft recommends that entities rename the Administrator account because it is a popular attack target by intruders. The existence of a former employee with enabled access permissions, noted in our test of a sample of former employees, indicates that a more frequent review of permissions, perhaps on a quarterly basis, might be warranted for accounts of employees with significant administrative and financial responsibilities.

For Active Directory user accounts of administrative and financial system users, we recommend that the District increase the frequency of review of Active Directory user accounts, giving consideration to a quarterly review and rename the Active Directory Administrator account as recommended by Microsoft guidelines.

Management response:

We will implement the recommended improvements.

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Prior Audit Findings

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below under the heading Prior Year Findings and Recommendations.

Prior Year Findings and Recommendations

Corrective actions have been taken to address findings and recommendations in the preceding annual financial report, except for:

Tabulation of Uncorrected Audit Findings			
* Current Year Finding #	** 2013-14 FY Finding #	* 2012-13 FY Finding #	* 2011-12 FY Finding #
2015-001	3	-	-
2015-002	1	13-01	12-06
2015-007	14-01	13-08	-
2015-008	14-02	13-09	-
2015-009	14-04	-	-

* Thomas Howell Ferguson, P.A. / Law, Redd, Crona & Munroe, P.A.
** Florida Auditor General

Financial Condition

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

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

Transparency

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

Other Matters

10.804(1)(f)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the matters discussed in the Current Year June 30, 2015 Recommendations section of this letter and the Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance dated April 15, 2016.

Section 10.804(1)(f)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the matters discussed in the Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance dated April 15, 2016.

The District's responses to the Management Letter findings identified in our audit are included in this letter. We did not audit the District's response and accordingly, we express no opinion on it.

Purpose of this Letter

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

Thomas Howell Ferguson P.A.   Law, Redd, Crona & Munroe, P.A.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
April 15, 2016

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