

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDING JUNE 30, 2018



The School Board of Marion County, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

**FISCAL YEAR ENDED
JUNE 30, 2018**

Dr. Heidi Maier, Superintendent of Schools

**Prepared By:
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Valerie Brown, Senior Accountant**

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

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**THE MARION COUNTY DISTRICT SCHOOL BOARD
 OCALA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED
 JUNE 30, 2018**

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Education is what survives when what has been learned has been forgotten.

~B. F. Skinner



Principal Officials

District School Board



Mrs. Beth McCall
School Board Chair,
District 2



Ms. Angie Boynton
Vice Chair, District 4



Mrs. Nancy Stacy
Member, District 1



Mr. Bobby James
Member, District 3



Mrs. Kelly King
Member, District 5

Executive Officials



Dr. Heidi Maier
Superintendent



Dr. Jonathan H. Grantham
Deputy Superintendent,
Curriculum & Instruction



Dr. R. Craig Ham
Deputy Superintendent,
Operations



Ms. Theresa Boston-Ellis
Chief Financial Officer

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December 17, 2018

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

Dear School Board Members and Citizens of Marion County,

State statute requires that all local governments publish after the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and audited in accordance with auditing standards generally accepted in the United States of America. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Marion County District School Board (the District), for the fiscal year ended June 30, 2018.

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

Purvis, Gray and Company, LLP has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. Purvis, Gray and Company's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the District was part of a broader, Federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies.

Dr. Heidi Maier
Superintendent

Nancy Stacy
District 1

Beth McCall
District 2

Bobby L. James
District 3

Angie Boynton
District 4

Kelly King
District 5



An Equal Opportunity School District
SPEAKUP Hotline 866.SPEAK.UP or Text SPEAKUP to 847411



The District is required to undergo an annual Single Audit in conformity with the provisions of the Uniform Guidance. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. Information related to this Single Audit, including the schedule of expenditures of Federal awards, the independent auditor's reports on internal control over financial reporting and on compliance and other matters, the independent auditor's report on Federal program compliance, and the schedule of findings and questioned costs, is included in section IV as additional elements of this report.

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

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

Profile of the School District

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

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

The CAFR contains the audited financial statements for all operations over which the District is financially accountable. Various potential component units were evaluated to determine whether they should be considered as part of the District's reporting entity. A component unit was considered to be part of the District's reporting entity when it was concluded that the District was financially accountable for the entity or the nature and significance of the relationship between the District and the entity was such that exclusion would cause the District's financial statements to be misleading. Based on established criteria, it was determined that a leasing corporation is identified as a component unit requiring blended presentation, and one direct support organization and four charter schools are component units requiring discrete presentation in the basic financial statements. Charter schools are funded by the State and Federal governments, and funds pass through the District for distribution to each charter school. Charter schools also receive grants and donations that do not pass through the school system. The notes to financial statements include a detailed discussion of the blended component unit and the component units that are discretely presented in the basic financial statements.

I. BEING ACCOUNTABLE FOR WHAT WE DO

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

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

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

II. COPING WITH CHANGE

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

With 42,881 students, Marion County student enrollment decreased by 12 students from the 2016-17 fiscal year to the 2017-18 fiscal year. There is little projected change for the 2018-19 fiscal year student enrollment.

Growth

In the past nine years, total population in the county has grown from 330,440 to 349,267, or 5.7 percent.

Diversity

Marion County continues to grow and with growth comes the community's growth in diversity. While past trends have shown younger families leaving Florida to seek better job opportunities, recent change however, has shown the community is now growing jobs. With a strong focus on job creation through the local economic development comes business retention; with business retention comes increased job opportunities, and with job opportunities come newcomers/families from Latin America, India, and the Caribbean, thereby creating a growing community and student population, rich in diversity.

The demographics of our students within the school district are reflective of our community's ethnic and racial diverse population of Hispanic, Asian, Indian, and Pacific Islanders. Although more than 13 percent of our student population have a native language represented by a language other than English, English and Spanish remain the dominant languages.

Economic Development

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

Public-private partnership are shaping strategies to help ensure students are prepared for highly skilled jobs available in Marion County. Marion Technical College (MTC) postsecondary programs and all Marion County secondary career and technical programs work cooperatively with local business advisory committees to ensure that all programs meet the standards for preparing students for

productive careers and for continued education. New program offerings at the secondary levels are selected for implementation based upon projected job openings and high-skill, high-wage criteria.

MTC serves a broad and diverse range of students, based on both individual and employer needs, ensuring that all students and employers receive consistently high-quality services, programs, training, and instruction. Newer programs include Commercial Driver's License (CDL), Database Application and Programming, Public Telecommunication, Barbering, Advanced Welding and a new cohort of Practical Nursing. Veterans are afforded preference for enrollment into the many Career Certificate Programs.

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

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

III. MOVING TO THE NEXT LEVEL

We have narrowed our focus to our core objective, which is to prepare children to succeed in the future. We have also initiated a strategy for accelerating the pace of improvement. For example:

- ❖ The District's comprehensive program for student progression uses assessment data, including universal screening and ongoing progress monitoring, to evaluate the effectiveness of instruction, identify students needing more intensive instructional support, and monitor each student's response to implemented interventions. Students who do not meet grade level expectations receive increasingly intense intervention services. The areas of academic need and intervention strategies are defined through a problem-solving/Multi-Tier System of Supports (MTSS) process. Multiple tiers of increasingly intense instructional/intervention services are implemented to support student academic proficiency. Students are matched to strategic and intensive interventions based on data from multiple assessment sources. Student progression decisions consider the effectiveness of core instruction and the student's response to evidence-based interventions. We believe that every child should be college and career ready and can achieve at high levels given the proper time and resources, and we plan for all our schools to achieve "A" or "B" School Recognition Grades by 2019.

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

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

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

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

Financial Information

Long-Term Financial Planning

Long-term financial planning needs are addressed in a Five-Year District Facilities Work Plan encompassing all construction, maintenance, and facility renovation. The Facilities Work Plan is updated every year. Funding is provided primarily from the local capital outlay millage levy. The Facilities Department managed a total budget of approximately \$50 million during the 2017-18 fiscal year.

All school buildings across the county are maintained by the Facilities Department and vary among age and structure. Eighth Street Elementary, built in 1914, marks as the oldest school while Legacy Elementary, which was completed in 2011, marks as the newest addition. A complete list of schools with their year acquired and square footage can be referenced in the Statistical Section of this CAFR on pages 112-113.

Financial Information

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

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

Budgetary Controls

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

Retirement Program

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

Audit

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

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District of Marion County, Florida, for its CAFR for fiscal year ended June 30, 2017. This is the eighteenth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

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

Acknowledgments

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

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

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

Respectfully submitted,



Heidi Maier, Ed. D., Superintendent of Schools



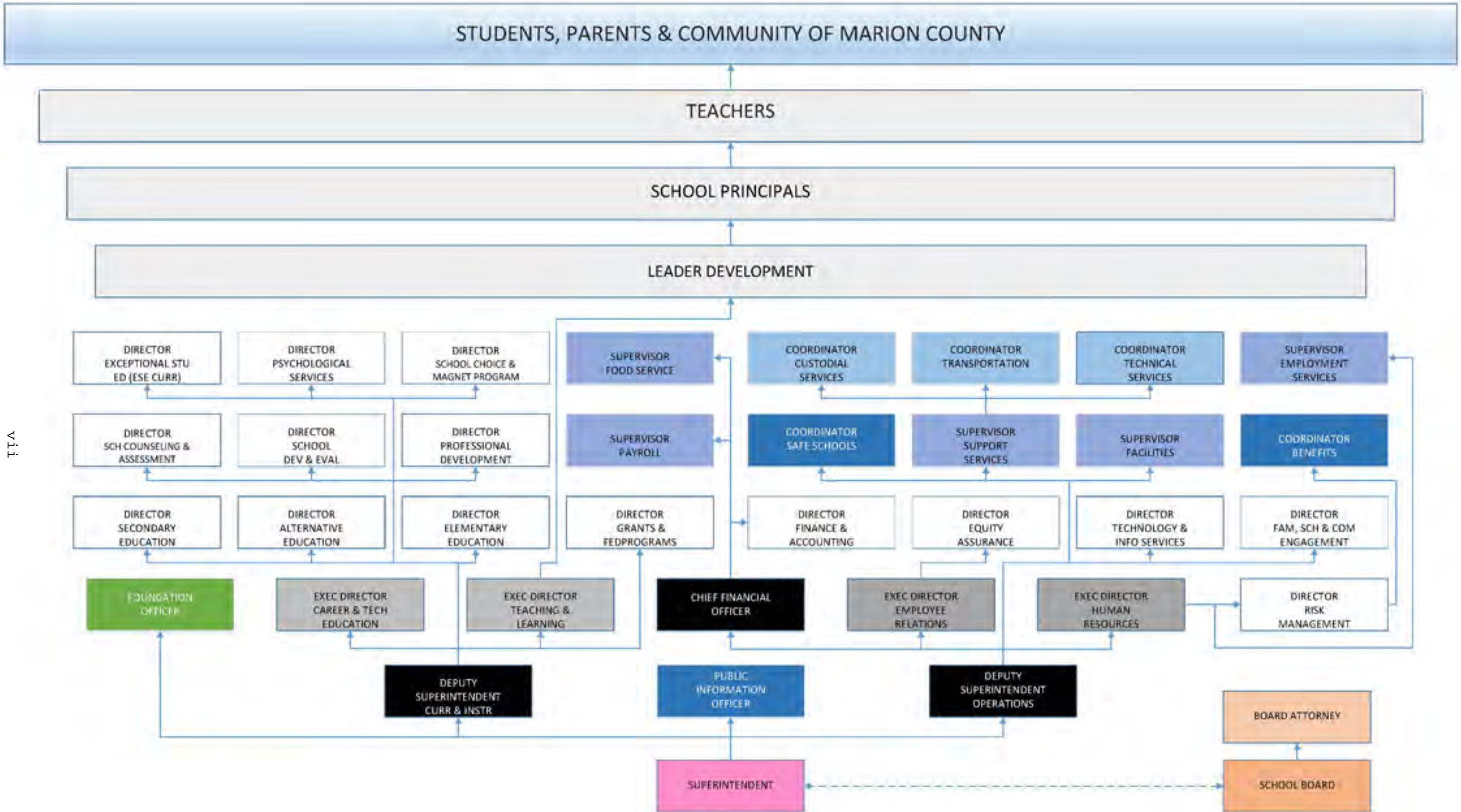
Theresa Boston-Ellis, Chief Financial Officer



Alice A. Posada, Director of Finance

MARION COUNTY PUBLIC SCHOOLS

ORGANIZATIONAL CHART 2017-2018



TVA



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**School District of Marion County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



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FINANCIAL SECTION

This section contains the following subsections:

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

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

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

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INDEPENDENT AUDITORS' REPORT

Marion County District School Board and
Superintendent
Ocala, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Marion County District School Board (the District), as of and for the fiscal year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marion Charter School and the McIntosh Area School, which represent 32%, 25%, and 8%, respectively, of the total assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these two component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Certified Public Accountants

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Marion County District School Board and
Superintendent
Ocala, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Auditors' Responsibility (Concluded)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note II to the financial statements, for the year ended June 30, 2018, the District adopted new accounting guidance Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, and the schedule of funding progress for other postemployment benefits information 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 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 management's discussion and analysis, and the schedule of funding progress for other postemployment benefits 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the

Marion County District School Board and
Superintendent
Ocala, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

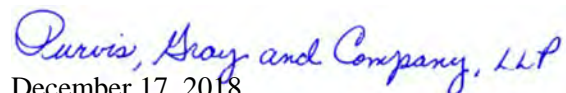
Other Information (Concluded)

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, major fund budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Accounting Standards*, we have also issued our report dated December 17, 2018, 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, and 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 that the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


December 17, 2018
Ocala, Florida

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Marion County District School Board (the District) has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2018. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-18 fiscal year are as follows:

- Total Net Position is \$314,293,715, which represents a 1.59 percent increase from the 2016-17 fiscal year. The primary reason for the increase is attributable to the implementation of GASB Statement No. 75 as further discussed in Note II.
- General revenues total \$395,069,028, or 91.34 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$37,659,602 or 8.71 percent of all revenues.
- Expenses total \$434,801,360; only \$37,659,602 of these expenses were offset by program revenues, with the remainder paid from general revenues. Total expenses exceed total revenues by \$2,072,730.
- The total combined assigned and unassigned fund balance of the General Fund, representing the net fund balance that is spendable and not restricted, totals \$28,877,685 at June 30, 2018, or 8.51 percent of total General Fund revenues. The unassigned fund balance totals \$15,755,436 which represents 4.64 percent of total General Fund revenues.
- The District's capital assets (net of depreciation) decreased by \$6,012,830 as depreciation expense exceeded capital asset additions in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

Government-wide financial statements

Fund financial statements

Notes to financial statements

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the primary government presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets, its liabilities, its deferred inflows and its deferred outflows of resources using an economic resources

measurement focus. Assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, which is a measure of the District's financial health. The statement of activities presents information about the change in the District's net position, the results of operations during the fiscal year. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

The government-wide statements present the District's activities in two categories:

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

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

The Marion County School Board Leasing Corporation, Inc. (Leasing Corporation), also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment for the District. Due to the substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government.

Fund Financial Statements

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

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

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide

financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

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

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

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

Fiduciary Funds—Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds and the Silver River Museum. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District uses Agency Funds to account for resources held for student activities and groups, and a Private-Purpose Trust Fund to account for private funds held for the Silver River Museum.

Notes to Financial Statements

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

Required Supplementary Information

The District adopts an annual budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund and the major Special Revenue Funds to demonstrate compliance with the budget. Additional required supplementary information is presented relating to the schedule of change in other postemployment benefit plan liability and related ratios, and net pension liabilities and contributions.

Notes to Required Supplementary Information

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

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2018, compared to net position as of June 30, 2017:

	Net Position, End of Year	
	Governmental Activities	
	6-30-18 (a)	6-30-17
Current Assets	\$ 106,939,571	\$ 101,434,897
Capital Assets, Net of Depreciation	517,961,502	523,974,332
Total Assets	624,901,073	625,409,229
Deferred Outflows of Resources	99,088,837	86,562,969
Current Liabilities	16,977,153	13,222,218
Noncurrent Liabilities	376,165,676	384,310,420
Total Liabilities	393,142,829	397,532,638
Deferred Inflows of Resources	16,553,366	5,070,779
Net Position:		
Net Investment in Capital Assets	437,935,375	430,615,015
Restricted	44,613,635	46,589,540
Unrestricted (Deficit)	(168,255,295)	(167,835,774)
Total Net Position	\$ 314,293,715	\$ 309,368,781

(a) Beginning net position was restated for change in accounting principles as discussed in Note III to the financial statements.

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit net position was the result of liabilities related to the defined benefit pension plans, compensated absences, and Other Postemployment Benefits (OPEB).

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2018, and June 30, 2017, are as follows:

- The decrease in capital assets is due primarily to depreciation expense exceeding capital outlay in the current year.

- The increase in deferred outflows and deferred inflows is the result of the Florida Retirement System, Health Insurance Subsidy, and OPEB activities.

Governmental activities decreased the District's net position by \$2,072,730 during the 2017-18 fiscal year, detailed as follows:

	Governmental Activities	
	6-30-18	6-30-17
Program Revenues:		
Charges for Services	\$ 9,378,965	\$ 10,505,311
Operating Grants and Contributions	25,693,570	25,895,664
Capital Grants and Contributions	2,587,067	3,190,070
General Revenues:		
Property Taxes Levied for Operational Purposes	107,111,618	107,214,742
Property Taxes Levied for Capital Projects	26,507,997	25,125,064
Grants and Contributions Not Restricted to Specific Programs	254,121,661	243,054,631
Unrestricted Investment Earnings	998,125	678,134
Miscellaneous	6,329,627	5,991,461
Total Revenues	432,728,630	421,655,077
Functions/Program Expenses:		
Instruction	246,324,171	240,181,428
Student Personnel Services	30,277,096	28,752,565
Instructional Media Services	4,423,914	5,185,913
Instruction and Curriculum Development	6,221,103	5,917,941
Instructional Staff Training Services	7,665,780	9,123,124
Instruction Related Technology	2,858,681	2,742,411
Board of Education	764,160	683,341
General Administration	3,090,996	3,331,174
School Administration	21,672,130	20,596,270
Facility Services	2,971,111	1,042,232
Fiscal Services	3,303,830	2,997,915
Food Services	29,176,087	28,409,893
Central Services	4,770,172	4,504,301
Student Transportation Services	22,828,958	22,290,992
Operation of Plant	24,668,869	23,452,974
Maintenance of Plant	10,075,905	9,877,571
Administrative Technology Services	5,517,045	5,480,488
Community Services	5,069,742	4,665,597
Unallocated Interest on Long-Term Debt	3,004,016	3,415,034
Loss on Disposal of Capital Assets	117,594	-
Total Functions/Program Expenses	434,801,360	422,651,164
Increase (Decrease) in Net Position	(2,072,730)	(996,087)

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

- On November 2, 2014, Marion County voters approved a one mill ad valorem tax for educational enhancement. Specifically, the funds were to be used to restore programs previously affected by recession level funding and operating expenses associated with reading, physical education, art, music, library/media, vocational programs, meeting class size requirements and retaining teachers and paraprofessionals. The millage generates approximately \$16.6 million per year and was renewed for an additional four years.

- Overall Instructional related expenses increased significantly due to the additional one mill levied for educational enhancement discussed above.
- Other increases in expenses resulted from the recording of net pension liability expenses which increased expenditures by approximately \$12.2 million.

Major Governmental Funds

General Fund: This fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance is \$15,755,436 while the total fund balance is \$48,131,517. The total fund balance increased by \$5,981,151 during the 2017-18 fiscal year. The increase in fund balance is primarily due to an increase in State FEFP revenue along with the levy of the additional one mill property tax for educational enhancement. The fund balance remains above the level set by Board policy which is 3 percent of General Fund revenues.

Special Revenue – Food Service Fund: This fund which accounts for all food service activities, had revenues and expenditures of \$27,773,703 and \$29,074,135, respectively, and ended the fiscal year with a fund balance of \$9,862,588. It should be noted that \$707,540 of inventories represents the nonspendable fund balance, while the remaining \$9,155,048 fund balance is restricted for food service operations.

Special Revenue – Other Federal Programs Fund: This fund had revenues and expenditures of \$35,752,150. Expenditures were primarily for salaries and benefits. Because revenues in this fund are recognized to the extent expenditures are incurred, this fund generally does not accumulate a fund balance.

Capital Projects – Nonvoted Capital Improvement Fund: This fund has a total fund balance of \$8,916,689, all of which is restricted for the acquisition, construction, and maintenance of capital assets.

Proprietary Fund

Unrestricted net position of the Internal Service Fund totaled \$3,823,346 at June 30, 2018, an increase of \$295,573 from the previous fiscal year. Total operating expenses were \$4,236,117 comprised of salaries, employee benefits, purchased services, and insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2017-18 fiscal year, the District amended its General Fund budget several times due primarily to changes in estimated local and Federal through State funding levels and made corresponding adjustments to planned expenditures to ensure maintenance of an adequate fund balance.

The District made several management decisions to curtail spending, which resulted in actual expenditures being approximately \$18.4 million less than original budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$517,961,502 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

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

- Several heating, ventilating and air conditioning and re-model projects were completed during the year.
- Disposal of portable buildings, equipment, and vehicles totaled approximately \$2.5 million.
- Depreciation expense totaled \$19,531,827.

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

Long-Term Debt

At June 30, 2018, the District has \$80,939,357 total capital asset-related debt outstanding. This amount is composed of \$71,835,000 of certificates of participation payable, \$3,634,000 of bonds payable, \$2,005,000 note payable, and \$3,465,357 of unamortized premiums.

Other items classified as long-term liabilities, in the government-wide financial statements, include the compensated absences liability totaling \$32,317,456, other postemployment benefits payable in the amount of \$27,086,919, estimated insurance claims payable totaling \$9,531,727 and net pension obligations totaling \$226,290,217.

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

OTHER MATTERS OF SIGNIFICANCE

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

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

REQUESTS FOR INFORMATION

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

MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Governmental Governmental Activities	Component Units
Assets		
Cash	\$ 34,165,203	\$ 979,413
Investments	64,189,712	490,419
Accounts Receivable	416,477	66,323
Deposits Receivable	140,000	30,747
Due from Other Agencies	3,017,884	-
Inventories	4,395,825	432,110
Prepaid Items	614,470	47,702
Assets Held by Others	-	2,023,083
Capital Assets:		
Capital Assets Not Being Depreciated	22,724,285	364,833
Capital Assets Being Depreciated, Net	495,237,217	909,098
Total Assets	624,901,073	5,343,728
Deferred Outflows of Resources		
Deferred Amount on Refunding	2,006,743	-
Deferred Amount on Other Post Employment Benefits	1,496,366	-
Deferred Amount on Pension Liability	95,585,728	405,477
Total Deferred Outflows of Resources	99,088,837	405,477
Liabilities		
Salaries and Benefits Payable	6,142,150	26,502
Payroll Deductions and Withholdings Payable	1,560,593	-
Accounts Payable	6,971,289	109,339
Funds Held for Others	-	-
Deposits Payable	3,160	-
Construction Contracts Payable	783,478	-
Construction Contracts Payable - Retainage	395,712	-
Accrued Interest Payable	261,225	-
Due to Other Agencies	99,727	-
Unearned Revenue	759,819	-
Long-term Liabilities Due Within One Year	20,910,172	74,638
Long-term Liabilities Due After One Year	355,255,504	889,902
Total Liabilities	393,142,829	1,100,381
Deferred Inflows of Resources		
Deferred Amount on Other Post Employment Benefits	1,591,696	-
Deferred Amount on Pension Liability	14,961,670	56,919
Total Deferred Outflows of Resources	16,553,366	56,919
Net Position		
Net Investment in Capital Assets	437,935,375	1,225,593
Restricted for:		
State Required Carryover Programs	9,672,349	-
Food Service	9,862,588	-
Debt Service	307,891	-
Capital Projects	19,398,862	-
Permanent Endowments:		
Nonexpendable	-	97,698
Other Purposes	5,371,945	2,646,975
Unrestricted (Deficit)	(168,255,295)	621,639
Total Net Position	\$ 314,293,715	\$ 4,591,905

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
Instruction	\$ 246,324,171	\$ 7,213,358	\$ -
Student Personnel Services	30,277,096	-	-
Instructional Media Services	4,423,914	-	-
Instruction and Curriculum Development	6,221,103	-	-
Instructional Staff Training Services	7,665,780	-	-
Instruction Related Technology	2,858,681	-	-
Board of Education	764,160	-	-
General Administration	3,090,996	-	-
School Administration	21,672,130	-	-
Facility Services	2,971,111	-	-
Fiscal Services	3,303,830	-	-
Food Services	29,176,087	2,009,270	25,693,570
Central Services	4,770,172	-	-
Student Transportation Services	22,828,958	156,337	-
Operation of Plant	24,668,869	-	-
Maintenance of Plant	10,075,905	-	-
Administrative Technology Services	5,517,045	-	-
Community Services	5,069,742	-	-
Unallocated Interest on Long-term Debt	3,004,016	-	-
Loss on Disposal of Fixed Assets	117,594	-	-
Total Primary Government	\$ 434,801,360	\$ 9,378,965	\$ 25,693,570
Component Units			
Charter Schools/Foundation	\$ 6,437,807	\$ 74,479	\$ 1,920,871

General Revenues

Taxes:

 Property Taxes, Levied for Operational Purposes

 Property Taxes, Levied for Capital Projects

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning, As Restated

Net Position - Ending

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

Program Revenues	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
Capital Grants and Contributions	Governmental Activities	Component Units
\$ -	\$ (239,110,813)	\$ -
-	(30,277,096)	-
-	(4,423,914)	-
-	(6,221,103)	-
-	(7,665,780)	-
-	(2,858,681)	-
-	(764,160)	-
-	(3,090,996)	-
-	(21,672,130)	-
1,232,080	(1,739,031)	-
-	(3,303,830)	-
-	(1,473,247)	-
-	(4,770,172)	-
-	(22,672,621)	-
-	(24,668,869)	-
914,171	(9,161,734)	-
-	(5,517,045)	-
-	(5,069,742)	-
440,816	(2,563,200)	-
-	(117,594)	-
<u>\$ 2,587,067</u>	<u>(397,141,758)</u>	<u>-</u>
<u>\$ 20,383</u>	<u>-</u>	<u>(4,422,074)</u>

107,111,618	-
26,507,997	-
254,121,661	3,807,423
998,125	56,807
6,329,627	43,202
<u>395,069,028</u>	<u>3,907,432</u>
(2,072,730)	(514,642)
316,366,445	5,106,547
<u>\$ 314,293,715</u>	<u>\$ 4,591,905</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Special Revenue - Food Service Fund
Assets		
Cash	\$ 15,931,855	\$ 4,780,610
Investments	40,527,720	4,340,284
Accounts Receivable	278,408	11,251
Due from Other Agencies	661,865	252,663
Inventories	3,688,285	707,540
Prepaid Items	521,253	-
Total Assets	\$ 61,609,386	\$ 10,092,348
Liabilities and Fund Balances		
Liabilities		
Salaries and Benefits Payable	\$ 5,624,006	\$ 69,601
Payroll Deductions and Withholdings Payable	1,467,743	19,166
Accounts Payable	6,111,931	134,810
Deposits Payable	3,160	-
Construction Contracts Payable	21,859	-
Construction Contracts Payable - Retainage	-	-
Due to Other Agencies	72,821	6,183
Unearned Revenue	176,349	-
Total Liabilities	13,477,869	229,760
Fund Balances		
Nonspendable:		
Inventories	3,688,285	707,540
Prepaid Items	521,253	-
Total Nonspendable Fund Balance	4,209,538	707,540
Restricted for:		
State Required Carryover Programs	9,672,349	-
Local Property Tax	5,371,945	-
Debt Service	-	-
Capital Projects	-	-
Food Service Operations	-	9,155,048
Total Restricted Fund Balance	15,044,294	9,155,048
Assigned for:		
Budget Shortfall 2018-19 Fiscal Year	11,232,237	-
Other Programs	1,890,012	-
Total Assigned Fund Balance	13,122,249	-
Unassigned Fund Balance	15,755,436	-
Total Fund Balances	48,131,517	9,862,588
Total Liabilities and Fund Balances	\$ 61,609,386	\$ 10,092,348

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

Special Revenue - Other Federal Programs Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 229,835	\$ 4,760,907	\$ 3,661,279	\$ 29,364,486
-	5,260,937	5,696,569	55,825,510
56,287	-	246	346,192
1,236,123	24,097	843,136	3,017,884
-	-	-	4,395,825
3,215	-	-	524,468
<u>\$ 1,525,460</u>	<u>\$ 10,045,941</u>	<u>\$ 10,201,230</u>	<u>\$ 93,474,365</u>

\$ 445,165	\$ -	\$ -	\$ 6,138,772
72,405	-	-	1,559,314
373,330	173,564	158,213	6,951,848
-	-	-	3,160
19,123	616,994	125,502	783,478
11,602	338,694	45,416	395,712
20,365	-	-	99,369
583,470	-	-	759,819
<u>1,525,460</u>	<u>1,129,252</u>	<u>329,131</u>	<u>16,691,472</u>

-	-	-	4,395,825
3,215	-	-	524,468
<u>3,215</u>	<u>-</u>	<u>-</u>	<u>4,920,293</u>

-	-	-	9,672,349
-	-	-	5,371,945
-	-	569,116	569,116
-	8,916,689	9,302,983	18,219,672
-	-	-	9,155,048
<u>-</u>	<u>8,916,689</u>	<u>9,872,099</u>	<u>42,988,130</u>

-	-	-	11,232,237
-	-	-	1,890,012
-	-	-	13,122,249
(3,215)	-	-	15,752,221
<u>-</u>	<u>8,916,689</u>	<u>9,872,099</u>	<u>76,782,893</u>

<u>\$ 1,525,460</u>	<u>\$ 10,045,941</u>	<u>\$ 10,201,230</u>	<u>\$ 93,474,365</u>
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**MARION COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total Fund Balances - Governmental Funds		\$ 76,782,893
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		517,961,502
The deferred outflows of resources and deferred inflows of resources related to pensions, other post employment benefits and debt refundings are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows related to Debt Refundings	\$ 2,006,743	
Deferred Outflows related to Pensions	95,585,728	
Deferred Outflows related to Other Postemployment Benefits	1,496,366	
Deferred Inflows related to Pensions	(14,961,670)	
Deferred Inflows related to Other Postemployment Benefits	<u>(1,591,696)</u>	
		82,535,471
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Certificates of Participation	71,835,000	
Bonds Payable	3,634,000	
Note Payable	2,005,000	
Unamortized Premiums	3,465,357	
Unamortized Prepaid Insurance - Debt Related	(85,677)	
Compensated Absences Payable	32,317,456	
Other Postemployment Benefit Liability	27,086,919	
Net Pension Liability	<u>226,290,217</u>	
		(366,548,272)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		3,823,346
Accrued Interest on long-term debt is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		<u>(261,225)</u>
Total Net Position - Governmental Activities		<u><u>\$ 314,293,715</u></u>

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

MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>
Revenues		
Intergovernmental:		
Federal Direct	\$ 544,795	\$ -
Federal Through State and Local	3,337,603	25,274,448
State	214,263,863	389,519
Local:		
Property Taxes	107,111,618	-
Charges for Services - Food Service	-	2,009,270
Impact Fees	-	-
Other	14,187,818	100,466
Total Revenues	<u>339,445,697</u>	<u>27,773,703</u>
Expenditures		
Current - Education:		
Instruction	206,567,620	-
Student Personnel Services	22,998,605	-
Instructional Media Services	4,162,027	-
Instruction and Curriculum Development	3,915,662	-
Instructional Staff Training Services	2,698,845	-
Instruction Related Technology	2,727,366	-
Board of Education	766,962	-
General Administration	1,425,663	-
School Administration	20,294,206	-
Facility Services	751,607	-
Fiscal Services	3,190,641	-
Food Services	-	28,176,095
Central Services	4,514,340	-
Student Transportation Services	20,602,469	-
Operation of Plant	24,201,971	-
Maintenance of Plant	9,569,186	-
Administrative Technology Services	4,822,408	-
Community Services	3,689,388	-
Capital Outlay:		
Facilities Acquisition and Construction	960,601	701,429
Other Capital Outlay	1,377,151	196,611
Debt Service:		
Retirement of Principal	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>339,236,718</u>	<u>29,074,135</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>208,979</u>	<u>(1,300,432)</u>
Other Financing Sources (Uses)		
Insurance Loss Recoveries	131,221	-
Transfers In	5,658,973	18,022
Transfers Out	(18,022)	-
Total Other Financing Sources (Uses)	<u>5,772,172</u>	<u>18,022</u>
Net Change in Fund Balances	5,981,151	(1,282,410)
Fund Balances - Beginning	42,150,366	11,144,998
Fund Balances - Ending	<u>\$ 48,131,517</u>	<u>\$ 9,862,588</u>

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

Special Revenue - Other Federal Programs Fund	Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,390,835	\$ -	\$ -	\$ 1,935,630
33,662,166	-	-	62,274,217
128,968	-	2,802,383	217,584,733
-	26,507,997	-	133,619,615
-	-	-	2,009,270
-	-	7,934	7,934
570,181	126,919	121,056	15,106,440
<u>35,752,150</u>	<u>26,634,916</u>	<u>2,931,373</u>	<u>432,537,839</u>
18,415,530	-	-	224,983,150
6,545,619	-	-	29,544,224
-	-	-	4,162,027
2,076,463	-	-	5,992,125
4,742,809	-	-	7,441,654
-	-	-	2,727,366
-	-	-	766,962
1,553,445	-	-	2,979,108
409	-	-	20,294,615
1,484	13,617	-	766,708
-	-	-	3,190,641
-	-	-	28,176,095
-	-	-	4,514,340
263,578	-	-	20,866,047
-	-	-	24,201,971
-	-	-	9,569,186
-	-	-	4,822,408
1,398,947	-	-	5,088,335
-	-	-	-
558,459	3,490,140	1,029,426	6,740,055
195,407	1,886,618	4,872,297	8,528,084
-	-	12,531,000	12,531,000
-	-	3,154,342	3,154,342
<u>35,752,150</u>	<u>5,390,375</u>	<u>21,587,065</u>	<u>431,040,443</u>
-	21,244,541	(18,655,692)	1,497,396
-	-	-	131,221
-	-	15,036,577	20,713,572
-	(20,631,355)	(64,195)	(20,713,572)
-	(20,631,355)	14,972,382	131,221
-	613,186	(3,683,310)	1,628,617
-	8,303,503	13,555,409	75,154,276
<u>\$ -</u>	<u>\$ 8,916,689</u>	<u>\$ 9,872,099</u>	<u>\$ 76,782,893</u>

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MARION COUNTY DISTRICT SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Governmental Funds	\$	1,628,617
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>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 a depreciation expense. This is the amount of capital asset activity in the current period:</p>		
Capital Asset Additions	\$	13,636,591
Depreciation Expense		(19,531,827)
Loss on Disposal of Capital Assets		<u>(117,594)</u>
		(6,012,830)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt payments during the year.</p>		
		12,531,000
<p>Debt Premiums on bond issues are amortized over the life of the debt in the statement of activities but are reported as revenues in the fund statements when debt is issued. This is the amount of current amortization.</p>		
		412,610
<p>Deferred amount on Refunding is amortized over the life of the debt in the statement of activities, but is reported as an expense in the fund statements when debt is issued. This is the amount of the current amortization.</p>		
		(300,314)
<p>Prepaid insurance is amortized over the life of the debt in the statement of activities but is reported as revenues in the fund statements when debt is issued. This is the amount of current amortization.</p>		
		(8,568)
<p>Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.</p>		
Florida Retirement System Pension Contribution		14,269,459
Health Insurance Subsidy Pension Contribution		3,877,158
Florida Retirement System Pension Expense		(24,149,248)
Health Insurance Subsidy Pension Expense		<u>(6,186,022)</u>
		(12,188,653)
<p>The net decrease in accrued interest on long-term debt is reported in the statement of activities, but not in the fund statements.</p>		
		46,598
<p>In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences used in excess of the amount paid in the current fiscal year.</p>		
		297,261
<p>Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the actuarial cost of benefits earned net of employee contributions is reported as an expense.</p>		
		1,225,976
<p>Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. The net income of internal service funds is reported with governmental activities.</p>		
		295,573
Change in Net Position of Governmental Activities		<u><u>\$ (2,072,730)</u></u>

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018**

	Governmental Activities - Internal Service Fund
Assets	
Current Assets:	
Cash	\$ 4,800,717
Investments	8,364,202
Accounts Receivable	70,285
Deposits Receivable	140,000
Prepaid Items	4,325
	13,379,529
Total Assets	13,379,529
Liabilities	
Current Liabilities:	
Salaries and Benefits Payable	3,378
Payroll Deductions and Withholdings Payable	1,279
Accounts Payable	19,441
Due to Other Agencies	358
Estimated Insurance Claims Payable	3,425,457
Total Current Liabilities	3,449,913
Noncurrent Liabilities:	
Estimated Insurance Claims Payable	6,106,270
	9,556,183
Total Liabilities	9,556,183
Net Position	
Unrestricted	\$ 3,823,346

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	\$ 4,472,120
Operating Expenses	
Salaries	112,778
Employee Benefits	32,319
Purchased Services	1,874,498
Claim Expense	2,216,522
Total Operating Expenses	4,236,117
Operating Income	236,003
Nonoperating Revenue	
Investment Income	59,570
Change in Net Position	295,573
Net Position - Beginning	3,527,773
Net Position - Ending	\$ 3,823,346

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$ 4,472,120
Cash Payments to Suppliers for Goods and Services	(379,334)
Cash Payments to Employees for Services	(145,009)
Cash Payments for Insurance Claim Payments	(2,429,003)
Cash Received for Other Operating Activities	45,415
Net Cash Used by Operating Activities	1,564,189
Cash Flows from Investing Activities	
Purchase of Investments	(52,341)
Investment Income	59,570
Net Cash Provided by Investing Activities	7,229
Net Decrease in Cash	1,571,418
Cash, Beginning of Year	3,229,299
Cash, End of Year	\$ 4,800,717
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Operating Income	\$ 236,003
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	45,415
Decrease in Prepaid Items	1,497,205
Increase in Salaries and Benefits Payable	68
Decrease in Accounts Payable	(2,041)
Increase in Due to Other Agencies	20
Decrease in Estimated Insurance Claims Payable	(212,481)
Net Cash Used by Operating Activities	\$ 1,564,189

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash	\$ -	\$ 4,133,324
Investments	441,993	-
TOTAL ASSETS	\$ 441,993	\$ 4,133,324
LIABILITIES		
School Internal Accounts Payable		\$ 4,133,324
NET POSITION		
Held in Trust for Silver River Museum	\$ 441,993	
TOTAL NET POSITION	\$ 441,993	

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

**MARION COUNTY DISTRICT SCHOOL BOARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private-Purpose Trust Fund</u>
ADDITIONS	
Investment Earnings:	
Investment Income	\$ 30,787
DEDUCTIONS	
Other Expense	<u>70,416</u>
Change in Net Position	(39,629)
Net Position - Beginning	<u>481,622</u>
Net Position - Ending	<u><u>\$ 441,993</u></u>

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Marion County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The Marion County School District (District) is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education, and is governed by State laws and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Marion County.

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

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

Blended Component Unit. Blended component units, are in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the District. The Marion County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note IV.I.1. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

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

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

The Marion Charter School, Inc.; the McIntosh Area School, Incorporated; the Francis Marion Charter School, Inc. d/b/a Ocali Middle School; and the Francis Marion Military Academy, Inc.; are not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

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

The financial data reported on the accompanying statements was derived from the Foundation's and four charter schools' audited financial statements for the fiscal year ended June 30, 2018. These audited reports are filed in the District's administrative offices.

B. Description of Government-wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is charged to the functional category that initially purchased the related asset.

C. Basis of Presentation: Government-wide Financial Statements

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

The effects of interfund activity have been eliminated from the government-wide financial statements except for interfund services provided and used.

D. Basis of Presentation: Fund Financial Statements

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

MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Food Service Fund – to account for Federal grants and related program charges for the Food and Nutrition Services program.
- Special Revenue – Other Federal Programs Fund – to account for certain grant programs.
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs.

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

- Internal Service Fund – to account for the District's individual self-insurance programs.
- Private-Purpose Trust Fund – to account for resources provided for the benefit of the Silver River Museum.
- Agency Funds – to account for resources of the school internal funds, which are used to administer moneys collected at several schools in connection with school, student athletic, class, and club activities.

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

E. Basis of Accounting

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

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.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

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

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

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

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

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used are those used in the actuarial assumptions for the Other Post Employment Benefits Liability, Net Pension Liability, and the Incurred But Not Reported Liability along with depreciable useful lives of capital assets.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

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

1. Cash

The District's cash is considered to be cash on hand and in demand deposits.

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

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

2. Investments

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

The District's investments in Florida PRIME meet all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Like money market funds, a participant's account balance is a share of the investment pool, not the underlying securities, and reported at amortized cost is considered the fair value of the participant's investment.

The District's investment policy established permitted investments, asset allocation limits and issuer limits, credit rating requirements, and maturity limits to protect the District's cash and investment assets. The District maintains a common cash and investment pool for the use of all funds. Earnings are allocated monthly to each fund based on end of month balances.

The District's investments made locally consist of investments in direct obligations of the United States Treasury, Federal instrumentalities, corporate bonds, municipal obligations, and registered investment companies (money market funds), which are reported at fair value.

Authorized investments for endowments include equities, hedged funds, and real estate. The District has a formal investment policy that allows for the following investments for governmental funds:

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement (Moody's or Standard and Poor's)	Maximum Maturity
U. S. Government Securities	100%	100%	N/A	3 years
U. S. Government Agencies	50%	25%	N/A	3 years
Federal Instrumentalities	80%	50%	--	3 years
Certificates of Deposit	25%	15%	--	1 year
Florida PRIME	25%	N/A	AAAm or AAM-G	5 years
Repurchase Agreements	50%	25%	--	90 days
Commercial Paper	35%	10%	Prime-1 or A-1	180 days
Corporate Notes	15%	5%	Aa or AA	3 years
Bankers' Acceptances	35%	10%	P-1 or A-1	180 days
State and/or Local Government Debt	20%	--	Aa or AA for long-term debt or MIG- 1 or SP-1 for short-term debt	3 years
Registered Investment Companies (money market funds)	75%	25%	AAAm or AAAm-G	N/A
Mortgage-backed securities	20%	20%	AAA	5 years
Bond Funds	25%	10%	AAA	1.73 years
Intergovernmental Investment Pools	25%	--	AAAm or AAAm-G	--

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

3. Inventories and Prepaid Items

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

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing \$1,000 or more except computer software which are those costing \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

5. Deferred Outflows and Inflows of Resources

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

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

6. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums are amortized over the life of the bonds and certificates of participation using the effective interest method. Bonds and certificates of participation payable are reported net of applicable premiums.

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

Changes in long-term liabilities for the current year are reported in Note IV.I.

7. Compensated Absences

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

8. Pensions

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

The District's retirement plans and related amounts are described in Note IV.E.

9. 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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

consider restricted - net position to have been depleted before unrestricted – net position is applied.

10. 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.

11. 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 may include amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balance as of June 30, 2018.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District has adopted Board Policy 7.10 which provides that, if feasible, 3 percent of the recurring General Fund revenues be set aside as contingency reserves to cover unforeseen events including, but not limited to, revenue shortfalls and student enrollment under projections. Accordingly, the Board approved assigned amounts within the General Fund for an anticipated budget shortfall in the 2018-19 fiscal year along with unexpended insurance proshare funds.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

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

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

On November 2, 2014, Marion County voters approved a one mill ad valorem tax for educational enhancement. Specifically, the funds were to be used to restore programs previously affected by the recession, level funding and operating expenses associated with reading, physical education, art, music, library/media, vocational programs, meeting class size requirements, and retaining teachers and paraprofessionals. Unexpended funds are shown as restricted fund balance in the General Fund.

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

3. District Property Taxes

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

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

The Board adopted the 2017 tax levy on September 5, 2017. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

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

Millages and taxes budgeted for the current year are presented in Note IV.K.2.

4. Federal Revenue Sources

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

5. Proprietary Fund Operating and Nonoperating Revenues and Expenses

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

II. ACCOUNTING CHANGES

The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan. As a plan sponsor, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires employers of single-employer defined benefit plans to report the employers' OPEB Plan liabilities. The requirements of this Statement are being applied retroactively by restating the actuarially determined liabilities of \$28,187,777, at July 1, 2017, date of transition and deferred outflow and inflow of resources of \$1,546,160 and \$1,766,608 respectively.

III. ADJUSTMENT TO BEGINNING NET POSITION

The beginning net position of the District, was increased by \$6,997,664 due to the adoption of a new GASB Pronouncement, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires the District to recognize a liability and operating statement activities related to changes in the OPEB Plan. As a result of this change, beginning net position has been restated as follows.

<u>Description</u>	<u>Amount</u>
Beginning Net Position Prior to Restatement	\$ 309,368,781
OPEB Plan Liability	\$ (7,218,112)
Deferred Outflow of Resources	(1,546,160)
Deferred Inflow of Resources	1,766,608
Net Adjustment to Beginning Net Position	<u>6,997,664</u>
Beginning Net Position as Restated	<u>\$ 316,366,445</u>

IV. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

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

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

B. Investments

As of June 30, 2018, the District had the following investments and maturities:

Federal Home Loan Bank (FHLB)	0.84	AA+	2,749,000	2
Federal National Mortgage Association (FNMA)	0.86	AA+	1,208,228	2
Federal Home Loan Mortgage (FHLMC)	1.38	AA+	1,647,707	2
Supra-National Agency Bonds	2.61	AAA	651,847	2
Money Market Funds	n/a	AAAm	37,482,596	n/a
Corporate Bonds	2.18	AA- - AA+	4,466,131	2
Municipal Obligations	1.37	A+	513,999	3
Asset-Backed Security	1.98	AAA	2,902,243	2
Total Investments, Primary Government			64,189,712	
<u>Fiduciary Funds</u>				
Money Market Funds	n/a	AAAm	45,142	1
Common Stock	n/a	n/a	245,854	1
Other Equities	n/a	n/a	38,120	1
Fixed Income Securities - Short Term Bond Market		AAA to Below B	112,877	1
Total Investments, Fiduciary Funds			441,993	
<u>Component Units</u>				
Public Education Foundation of Marion County, Inc. (2)			490,419	
Total Investments			\$ 65,122,124	
Presented as Investments in the Financial Statements:				
Governmental Funds			\$ 55,825,510	
Proprietary Fund			8,364,202	
Fiduciary Funds			441,993	
Component Units			490,419	
Total Investments			\$ 65,122,124	

Notes: (1) Credit ratings provided by Standard and Poor's.

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

(3) The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, which is based on a matrix pricing model; Level 3 inputs are significant unobservable inputs and were evaluated using a curve-based approach.

➤ **Interest Rate Risk**

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years.

The District utilizes duration as a measurement of interest rate risk and as of June 30, 2018, the investment portfolio had a weighted average duration of 1.80 years.

Florida PRIME had weighted average days to maturity (WAM) of 31 days at June 30, 2018. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days." As of June 30, 2018, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

➤ **Credit Risk**

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

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

➤ **Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Pursuant to Section 218.415(18), Florida Statutes, the District's investment policy requires securities, with the exception of certificates of deposit, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the District should be properly

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida. Certificates of deposit will be placed in the provider's safekeeping department for the term of the deposit.

As of June 30, 2018, the District's investment portfolio was held with a third-party custodian as required by the District's investment policy. The endowment funds of the Silver River Museum Private-Purpose Trust Fund are held by a bank and trust company.

➤ **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy has established asset allocation and issuer limits which are designed to reduce concentration of credit risk of the District's investment portfolio. The District did not have any investments in any one issuer greater than five percent.

➤ **Endowment Investments**

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

➤ **Foreign Currency Risk**

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

C. **Receivables**

The majority of receivables are due from other agencies. These receivables and the remaining accounts receivable are considered fully collectible. As such, no allowance for uncollectible accounts receivable is accrued. Accounts receivables are actual cash receipts received within 60 days of June 30, 2018, and were susceptible to accrual. Below is a schedule of due from other agencies at June 30, 2018:

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

Funds/Source	Amount
Major Governmental Funds:	
General:	
United States Department of Defense:	
Air Force ROTC	\$ 17,696
Army ROTC	939
State of Florida:	
Medicaid Outreach	272,547
Marion County Tax Collector:	
Unremitted Property Taxes	98,943
Other Agencies:	
Miscellaneous	271,740
Special Revenue - Food Service:	
Florida Department of Agriculture and Consumer Services:	
Food Service Program	252,663
Special Revenue - Other Federal Programs:	
Florida Department of Education:	
Federal Grant Reimbursements	1,081,127
Other Agencies:	
Grant Reimbursements	154,996
Capital Projects - Local Capital Improvement Fund	
Marion County Tax Collector:	
Unremitted Property Taxes	24,097
Nonmajor Governmental Funds:	
Capital Projects - Public Education Capital Outlay:	
Florida Department of Education:	
Public Education Capital Outlay	843,136
Total Due From Other Agencies	\$ 3,017,884

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

D. Changes in Capital Assets

Changes in capital assets are presented in the table below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 14,013,836	\$ -	\$ -	\$ 14,013,836
Construction in Progress	3,235,811	9,189,662	3,715,024	8,710,449
Total Capital Assets Not Being Depreciated	<u>17,249,647</u>	<u>9,189,662</u>	<u>3,715,024</u>	<u>22,724,285</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	8,285,688	116,040	-	8,401,728
Buildings and Fixed Equipment	694,882,332	3,598,984	197,705	698,283,611
Furniture, Fixtures, and Equipment	41,920,552	2,386,546	1,837,171	42,469,927
Motor Vehicles	36,413,792	2,060,383	478,793	37,995,382
Audio Visual Materials and Computer Software	3,062,246	-	12,111	3,050,135
Total Capital Assets Being Depreciated	<u>784,564,610</u>	<u>8,161,953</u>	<u>2,525,780</u>	<u>790,200,783</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	4,629,030	104,789	-	4,733,819
Buildings and Fixed Equipment	214,847,696	14,569,698	194,554	229,222,840
Furniture, Fixtures, and Equipment	28,234,650	3,283,339	1,734,701	29,783,288
Motor Vehicles	27,066,303	1,574,001	466,820	28,173,484
Audio Visual Materials and Computer Software	3,062,246	-	12,111	3,050,135
Total Accumulated Depreciation	<u>277,839,925</u>	<u>19,531,827</u>	<u>2,408,186</u>	<u>294,963,566</u>
Total Capital Assets Being Depreciated, Net	<u>506,724,685</u>	<u>(11,369,874)</u>	<u>117,594</u>	<u>495,237,217</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 523,974,332</u></u>	<u><u>\$ (2,180,212)</u></u>	<u><u>\$ 3,832,618</u></u>	<u><u>\$ 517,961,502</u></u>

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

Depreciation expense was charged to functions as follows:

<u>Function</u>	<u>Amount</u>
GOVERNMENTAL ACTIVITIES	
Instruction	\$15,950,513
Student Personnel Services	8,438
Instructional Media Services	39,268
Instruction and Curriculum Development	13,048
Instructional Staff Training Services	13,492
Instruction Related Technology	22,368
General Administration	3,860
School Administration	24,710
Facility Services	604,743
Fiscal Services	5,934
Food Services	746,213
Central Services	34,501
Student Transportation Services	1,444,591
Operation of Plant	79,683
Maintenance of Plant	66,032
Administrative Technology Services	474,433
Total Depreciation Expense - Governmental Activities	<u><u>\$19,531,827</u></u>

E. Retirement Plans

The District follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for reporting the employers' proportionate share of the net pension liabilities for the FRS and HIS defined benefit pension plans.

General Information

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and 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 the two cost-sharing, multiple-employer defined benefit plans and

MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

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, Division of Retirement. The FRS Investment Plan is administered by the SBA and is reported in the SBA's annual financial statement and in the State of Florida Comprehensive Annual Financial Report.

The District's FRS and HIS pension expense totaled \$30,335,270 for the fiscal year ended June 30, 2018.

Florida Retirement System (FRS) Defined Benefit Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS 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 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 FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned.

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<u>Regular members initially enrolled before July 1, 2011</u>	
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
<u>Regular members initially enrolled on or after July 1, 2011</u>	
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
<u>Elected County Officials</u>	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. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were as follows:

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3.00	7.92
Florida Retirement System, Elected County Officers	3.00	45.50
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	13.26
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The District's contributions to the Plan totaled \$14,269,459 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a liability of \$149,250,038 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.504575470 percent, which was a decrease of 0.028722230 percent from its proportionate share measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized the Plan pension expense of \$24,149,248. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,697,561	\$ 826,769
Change of assumptions	50,158,552	-
Net difference between projected and actual earnings on FRS pension plan investments	-	3,698,789
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	-	2,734,247
District FRS contributions subsequent to the measurement date	14,269,459	
Total	\$ 78,125,572	\$ 7,259,805

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The deferred outflows of resources related to pensions totaling \$14,269,459 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amortization
2019	\$ 6,968,568
2020	19,807,826
2021	13,842,648
2022	2,532,216
2023	9,748,213
Thereafter	3,696,837
Total	\$ 56,596,308

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. As a result of the 2017 actuarial experience study, the inflation rate assumption remained the same at 2.60 percent, the real payroll growth assumption remained the same at 0.65 percent, and the overall payroll growth rate assumption remained the same at 3.25 percent. The long-term expected rate of return decreased from 7.60 percent to 7.10 percent.

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 real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.0%	3.0%	1.8%
Fixed Income	18.00%	4.5%	4.4%	4.2%
Global Equity	53.00%	7.8%	6.6%	17.0%
Real Estate (Property)	10.00%	6.6%	5.9%	12.8%
Private Equity	6.00%	11.5%	7.8%	30.0%
Strategic Investments	12.00%	6.1%	5.6%	9.7%
Total	<u>100.00%</u>			
Assumed inflation - Mean			2.6%	1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.1 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used in the 2017 valuation was updated from 7.6 percent to 7.1 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.1 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 (6.1 percent) or 1-percentage-point higher (8.1 percent) than the current rate:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's proportionate share of the net pension liability	<u>\$ 270,133,555</u>	<u>\$ 149,250,038</u>	<u>\$ 48,889,024</u>

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.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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Health Insurance Subsidy (HIS) Defined Benefit Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retired members of any state-administered retirement system in paying the costs of health insurance and is administered by the Florida Department of Management Services, Division of Retirement. Persons are eligible for health insurance subsidy payments who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system except those individuals who are pension recipients under Section 121.40, 237.08(18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminates employment with all employers participating in the Florida Retirement System and:

- For a member of the FRS investment plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes.
- For a member of the FRS defined benefit pension plan, or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan.

Any person retiring on or after July 1, 2001, as a member of the Florida Retirement System, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class under the pension plan as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 121, Florida Statutes.

Benefits Provided. For the fiscal year ended June 30, 2018, 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 Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three 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

**MARION COUNTY DISTRICT SCHOOL BOARD
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JUNE 30, 2018**

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 defined-benefit pension plan totaled \$3,877,158 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the District reported a net pension liability of \$77,040,179 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportionate share was 0.720509302 percent, which was an increase of 0.047991760 percent from its proportionate share measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized HIS Plan pension expense of \$6,186,022. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 160,410
Change of assumptions	10,829,200	6,661,746
Net difference between projected and actual earnings on HIS pension plan investments	42,724	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	2,711,074	879,709
District contributions subsequent to the measurement date	3,877,158	-
Total	<u>\$ 17,460,156</u>	<u>\$ 7,701,865</u>

The deferred outflows of resources totaling \$3,877,158 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 year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Fiscal Year Ending June 30	Amortization
2019	\$ 1,585,534
2020	1,577,449
2021	1,573,568
2022	1,378,781
2023	777,808
Thereafter	(1,012,007)
Total	\$ 5,881,133

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.58 percent, Bond Buyer General Obligation 20-Bond Municipal Bond Index

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

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

Discount Rate. The discount rate used to measure the total pension liability was 3.58 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2017 valuation was updated from 2.85 percent to 3.58 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.58 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
District's proportionate share of the net pension liability	\$ 87,913,046	\$ 77,040,179	\$ 67,983,681

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 NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2018**

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 – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one 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 five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan

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members. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$2,500,490 for the fiscal year ended June 30, 2018.

F. Other Postemployment Benefit Obligations

The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for reporting the employers' OPEB Plan liability.

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical, prescription drug, dental, and vision coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher 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.

Summary of Membership Information. The following table provides a summary of the number of participants in the plan as of the measurement date:

Retirees and Beneficiaries	422
Inactive, Nonretired Members	-
Active Plan Members	<u>5,529</u>
Total Plan Members	<u>5,951</u>

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Changes in the Total OPEB Plan Liability. The following table shows the change in the District's OPEB Plan liability:

<u>Description</u>	<u>Amount</u>
Service Cost	\$ 1,371,357
Interest on the Total OPEB Plan Liability	840,553
Changes of Assumptions	(1,766,608)
Benefit Payments	<u>(1,546,160)</u>
Net Change in Total OPEB Plan Liability	(1,100,858)
Net OPEB Plan Liability, Beginning of Year, As Restated	<u>28,187,777</u>
Net OPEB Plan Liability, End of Year	<u><u>\$ 27,086,919</u></u>

Funded Status and Funding Progress. As of June 30, 2017, the most recent valuation date, the total OPEB Plan liability was \$27,086,919, and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$201,855,668, and the ratio of the total OPEB Plan liability to the covered payroll was 13.42 percent.

The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB expense or the net OPEB Plan liability, and the OPEB Plan is financed on a pay-as-you-go basis.

Actuarial Valuation Date. For employee and retiree population purposes, June 30, 2017, was the actuarial valuation date. For development of per capita cost purposes and for valuation purposes, January 1, 2018, was used as the effective date of OPEB Plan provisions.

Actuarial Valuation Methods and Assumptions. 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 are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Individual Entry Age Normal Cost Method with an increasing normal cost pattern consistent with the salary increase assumptions used in the July 1, 2016, actuarial valuation of the Florida Retirement (FRS) was used in the OPEB Plan liability calculation.

Demographic assumptions employed in the actuarial valuation were the same as those employed in the July 1, 2016, actuarial valuation of the FRS Benefit Pension Plan. These demographic assumptions were developed by FRS from an Actuarial Experience Study, and therefore are appropriate for use in the OPEB Plan Actuarial Valuation. These include assumed rates of future termination, mortality, disability, and retirement. In addition, salary increase

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assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2016, actuarial valuation of the FRS Defined Benefit Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment plan are the same as for similarly situated participants of the FRS Defined Benefit Pension Plan.

Mortality tables used in the July 1, 2016, actuarial valuation of the Florida Retirement System were used. They are based on the results of a statewide experience study covering the period 2008 through 2013.

The total OPEB Plan liability actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.70 percent to 7.8 percent, including inflation as used in the July 1, 2016 actuarial valuation of the Florida Retirement System

Healthcare cost trend rates were based on the Getzen Model, with trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.25% plus 0.20% increase for excise tax.

Aging factor expenses were based on the 2013 SOA Study "Health Care Costs – From Birth to Death". Administrative expenses are included in the per capita health costs.

Discount Rate. There are no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB Plan valuation, the municipal bond rate was 3.56% (based on the daily rate closest to but not later than the measurement date of the "Fidelity General Obligation AA Index"). The discount rate was 2.92% as of the beginning of the measurement period.

The District's annual OPEB expense totaled \$2,036,998 for the fiscal year ended June 30, 2018. At June 30, 2018, the District reported deferred outflows and inflows of resources related to the OPEB Plan liability from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ -	\$ 1,591,696
District contributions subsequent to the measurement date	1,496,366	-
Total	\$ 1,496,366	\$ 1,591,696

The deferred outflows of resources related to OPEB totaling \$1,496,366 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

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<u>Fiscal Year Ending June 30</u>	<u>Amortization</u>
2019	\$ 174,912
2020	174,912
2021	174,912
2022	174,912
2023	174,912
Thereafter	717,136
	<u>\$ 1,591,696</u>

Sensitivity of the District's Total OPEB Plan Liability to Changes in the Discount Rate.

The following presents the District's OPEB Plan liability calculated using the discount rate of 3.56 percent, as well as what the OPEB Plan liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
OPEB Plan Liability	<u>\$ 29,919,405</u>	<u>\$ 27,086,919</u>	<u>\$ 24,624,837</u>

Sensitivity of the District's Total OPEB Plan Liability to the Healthcare Cost Trend Rate

Assumption. Regarding the sensitivity of the total OPEB liability, calculated using the assumed trend rates as well as what the OPEB Plan's total liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1 % Decrease (6.00% down to 3.24%)	Current Healthcare Cost Trend Rate Assumption	1 % Increase (8.00% down to 5.24%)
OPEB Plan Liability	<u>\$ 23,594,065</u>	<u>\$ 27,086,919</u>	<u>\$ 31,423,772</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
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G. Net Position - Net Investment in Capital Assets

In the government-wide Statement of Net Position, the difference between total assets and total liabilities is net position. Generally accepted accounting principles require that net position be subdivided into the following three components: Net investment in capital assets, restricted net position, and unrestricted net position. The composition of net investment in capital assets as of June 30, 2018, is shown in the table below:

<u>Description</u>	<u>Amount</u>
Total Capital Assets, Net of Accumulated Depreciation	\$ 517,961,502
Less related Debt, Net of Unspent Proceeds:	
Certificates of Participation Payable	\$ 71,835,000
Bonds Payable	3,634,000
Note Payable	2,005,000
Unamortized Debt Premiums	3,465,357
Deferred Amount on Refunding	(2,006,743)
Construction and Retainage Payable	1,179,190
Prepaid Insurance on Refunding Debt	(85,677)
Total Related Debt, Net of Unspent Proceeds	<u>(80,026,127)</u>
Net Investment in Capital Assets	<u><u>\$ 437,935,375</u></u>

H. Risk Management Programs

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

A liability in the amount of \$9,531,727 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2018.

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

<u>Fiscal Year</u>	<u>Fiscal-Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Payments</u>	<u>Fiscal Year-End</u>
2016-17	\$ 9,283,909	\$ 2,784,405	\$ (2,324,106)	\$ 9,744,208
2017-18	9,744,208	2,216,522	(2,429,003)	9,531,727

**MARION COUNTY DISTRICT SCHOOL BOARD
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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.

I. Long-Term Liabilities

1. Certificates of Participation

Certificates of participation at June 30, 2018, are as follows:

Series	Amount Outstanding	Interest Rates (Percent)	Lease Term Maturity	Original Amount
Series 2012	\$ 12,080,000	2.55	2023	\$ 23,005,000
Series 2014	25,065,000	2.77	2025	37,380,000
Series 2015	4,440,000	2.36	2023	6,975,000
Series 2015B	30,250,000	3.13	2027	32,860,000
Total Certificates of Participation	<u>\$ 71,835,000</u>			<u>\$ 100,220,000</u>

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

As a condition of the financing arrangements, the District has given a ground lease on District property acquired with proceeds from the certificates to the Leasing Corporation. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the certificates for a period of time specified by the arrangements which may be up to 30 years from the date of inception of the arrangement.

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

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Certificates	Description of Properties
Series 2009A	Dunnellon Elementary School, Belleview Middle School, West Port High School, and Saddlewood Elementary School, Refunding 1998A and 1998B
Series 2012	Forest High School Replacement Facility, Partial Refunding 2003
Series 2014	Hammitt Bowen, Jr., Elementary School; North Marion Middle School Cafeteria; Vanguard High School Classroom Additions and Cafeteria/Multi-Purpose Building, Refunding 2005B
Series 2015	Sadlewood Elementary School, Refunding 2005
Series 2015B	South Ocala Elementary School, Howard Middle School, Lake Weir High School Partial Refunding 2007B

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

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30	Total	Principal	Interest
2019	\$ 11,718,593	\$ 9,175,000	\$ 2,543,593
2020	11,721,857	9,485,000	2,236,857
2021	11,728,626	9,810,000	1,918,626
2022	11,728,394	10,140,000	1,588,394
2023	36,418,672	33,225,000	3,193,672
Total Minimum Lease Payments	<u>\$ 83,316,142</u>	<u>\$ 71,835,000</u>	<u>\$ 11,481,142</u>

2. Bonds Payable

Bonds payable at June 30, 2018, are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To	Original Amount
State School Bonds:				
Series 2009A, Refunding	\$ 65,000	5	2019	\$ 520,000
Series 2010A, Refunding	65,000	4-5	2021	180,000
Series 2011A, Refunding	625,000	3-5	2023	2,840,000
Series 2014A, Refunding	668,000	3-5	2025	895,000
Series 2014B, Refunding	27,000	2-5	2020	396,000
District Revenue Bonds:				
Series 2013, Refunding	2,184,000	3.66	2031	2,725,500
Total Bonds Payable	<u>\$ 3,634,000</u>			<u>\$ 7,556,500</u>

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 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.

**MARION COUNTY DISTRICT SCHOOL BOARD
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JUNE 30, 2018**

➤ District Revenue Bonds

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

The District has pledged a total of \$3,340,009 of pari-mutuel tax proceeds in connection with the District Revenue Bonds of 2013, described above. During the 2017-18 fiscal year, the District recognized pari-mutuel tax proceeds totaling \$223,250 and expended \$199,076 (89 percent) of these revenues for debt service directly collateralized by these revenues. The pledged pari-mutuel tax proceeds are committed until final maturity of the debt on December 1, 2032. Approximately 100 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2018, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
State School Bonds:			
2019	\$ 349,080	\$ 285,000	\$ 64,080
2020	285,030	235,000	50,030
2021	278,700	240,000	38,700
2022	256,700	230,000	26,700
2023	489,750	460,000	29,750
Total State School Bonds	1,659,260	1,450,000	209,260
District Revenue Bonds:			
2019	198,720	121,000	77,720
2020	198,218	125,000	73,218
2021	202,479	134,000	68,479
2022	200,519	137,000	63,519
2023	199,432	141,000	58,432
2024-2028	995,718	786,000	209,718
2029-2032	1,344,923	740,000	604,923
Total District Revenue Bonds	3,340,009	2,184,000	1,156,009
Total	\$ 4,999,269	\$ 3,634,000	\$ 1,365,269

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

3. Note Payable

The note payable at June 30, 2018, is as follows:

<u>Note Payable</u>	<u>Amount Outstanding</u>	<u>Rates (Percent)</u>	<u>Maturity To</u>	<u>Original Amount</u>
Bus Purchase	\$ 2,005,000	1.54	2020	\$ 4,946,000

The District entered into a financing arrangement under the provisions 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. These obligations were undertaken to purchase 43 buses in the 2015-16 fiscal year.

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

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,025,949	\$ 995,000	\$ 30,949
2020	1,025,590	1,010,000	15,590
Total	<u>\$ 2,051,539</u>	<u>\$ 2,005,000</u>	<u>\$ 46,539</u>

4. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance (a)</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
GOVERNMENTAL ACTIVITIES					
Debt Related to Capital Assets:					
Certificates of Participation Payable	\$ 82,905,000	\$ -	\$ 11,070,000	\$ 71,835,000	\$ 9,175,000
Bonds Payable	4,116,000	-	482,000	3,634,000	406,000
Note Payable	2,984,000	-	979,000	2,005,000	995,000
Premiums	3,877,967	-	412,610	3,465,357	-
Total Capital Asset Related Debt	93,882,967	-	12,943,610	80,939,357	10,576,000
Compensated Absences Payable	32,614,717	3,282,283	3,579,544	32,317,456	3,339,666
Other Postemployment Benefits Payable	28,187,777	2,211,910	3,312,768	27,086,919	1,496,366
Estimated Insurance Claims Payable	9,744,208	2,216,522	2,429,003	9,531,727	3,425,457
Net Pension Liability:					
Florida Retirement System	128,130,941	118,021,450	96,902,353	149,250,038	-
Health Insurance Subsidy	84,531,698	19,958,368	27,449,887	77,040,179	2,072,683
Total Governmental Activities	<u>\$ 377,092,308</u>	<u>\$ 145,690,533</u>	<u>\$ 146,617,165</u>	<u>\$ 376,165,676</u>	<u>\$ 20,910,172</u>

(a) Other Post Employment Benefits has been restated for the implementation of a new accounting principle as discussed in Note III.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

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

5. Deferred Outflow / Inflow of Resources

The components of deferred inflow and outflow are:

Description	Beginning Balance (a)	Change	Ending Balance
GOVERNMENTAL ACTIVITIES			
Non-pension Related Deferred Outflows:			
Deferred Amount on Refunding	\$ 2,307,057	\$ (300,314)	\$ 2,006,743
Other Post Employment Benefits	1,546,160	(49,794)	1,496,366
Total	<u>3,853,217</u>	<u>(350,108)</u>	<u>3,503,109</u>
Pension Related Deferred Outflows:			
Florida Retirement System	\$ 63,884,160	\$ 14,241,412	\$ 78,125,572
Health Insurance Subsidy	20,371,752	(2,911,596)	17,460,156
Total	<u>\$ 84,255,912</u>	<u>\$ 11,329,816</u>	<u>\$ 95,585,728</u>
Pension Related Deferred Inflows:			
Florida Retirement System	\$ 4,257,701	\$ 3,002,104	\$ 7,259,805
Health Insurance Subsidy	813,078	6,888,787	7,701,865
Total	<u>5,070,779</u>	<u>9,890,891</u>	<u>14,961,670</u>
Non-pension Related Deferred Inflows:			
Other Post Employment Benefits	1,766,608	(174,912)	1,591,696
Total	<u>\$ 1,766,608</u>	<u>\$ (174,912)</u>	<u>\$ 1,591,696</u>

(a) Beginning deferred outflows and inflow of resources for other post employment benefits was restated as noted in Note III.

J. Fund Balance Reporting

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

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

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018**

K. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2017-18 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 160,529,833
Categorical Educational Program - Class Size Reduction	43,473,393
Workforce Development Program	3,901,140
School Recognition	1,689,897
Voluntary Prekindergarten Program	1,592,169
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,140,374
Public Education Capital Outlay	914,171
Food Service Supplement	389,519
State License Tax	235,313
District Leadership Grant	82,613
District Discretionary Lottery Funds	72,460
Charter School Capital Outlay	64,195
Miscellaneous	3,499,656
Total	<u>\$ 217,584,733</u>

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

2. Property Taxes

The following is a summary of millages and taxes budgeted from the 2017 tax roll for the 2017-18 fiscal year; taxes budgeted are stated at 96 percent of the actual tax roll levy to allow for early payment discounts and uncollectable amounts:

<u>GENERAL FUND</u>	<u>Millages</u>	<u>Taxes Budgeted</u>
Nonvoted School Tax:		
Required Local Effort	4.299	\$ 75,352,412
Required Local Effort - Prior Period Adjustment	0.013	227,862
Basic Discretionary Local Effort	0.748	13,110,863
Voted School Tax:		
Operating	1.000	17,527,893
<u>CAPITAL PROJECTS FUNDS</u>		
Nonvoted Tax:		
Local Capital Improvement	1.500	26,291,840
Total	<u>7.560</u>	<u>\$ 132,510,870</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS (Concluded)
JUNE 30, 2018**

L. Donor-Restricted Endowments

The Silver River Museum Endowment was created to provide long-term funding for the continuation and enhancement of educational programs offered through the museum. The initial investment of \$410,000 must be invested for perpetuity and cannot be spent under any circumstances. Investments have appreciated to \$441,993 with \$31,993 available for expenditure. The Silver River Museum has sole access to the interest from the endowment.

M. Interfund Receivables, Payables, and Transfers

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

Funds	Interfund	
	Transfers In	Transfers Out
Major:		
General	\$ 5,658,973	\$ 18,022
Special Revenue:		
Food Service	18,022	-
Capital Projects:		
Local Capital Improvement Fund	-	20,631,355
Nonmajor Governmental	15,036,577	64,195
Total	\$ 20,713,572	\$ 20,713,572

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

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

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

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**REQUIRED SUPPLEMENTARY
INFORMATION**

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Federal Direct:				
Reserve Officers Training Corps	\$ 447,000	\$ 447,000	\$ 544,795	\$ 97,795
Federal Through State:				
Medicaid	2,611,000	3,028,801	3,028,801	-
National Forest Funds	100,000	251,450	251,450	-
Miscellaneous Federal Through State	10,100	62,631	57,352	(5,279)
Total Federal Through State	<u>2,721,100</u>	<u>3,342,882</u>	<u>3,337,603</u>	<u>(5,279)</u>
State:				
Florida Education Finance Program	162,667,973	160,529,833	160,529,833	-
Workforce Development Program	3,901,140	3,901,145	3,901,140	(5)
Workforce Education Performance Incentive	137,103	137,103	-	(137,103)
CO&DS Withheld for Administrative Expense	26,000	26,000	24,039	(1,961)
Discretionary Lottery Funds	667,969	72,252	72,460	208
Class Size Reduction - Operating Funds	43,900,436	43,472,491	43,473,393	902
School Recognition Funds	267,750	1,689,897	1,689,897	-
Voluntary Prekindergarten Program	1,458,705	1,592,169	1,592,169	-
Other State:				
State License Tax	250,000	250,000	235,313	(14,687)
Miscellaneous State Revenue	372,500	2,866,855	2,745,619	(121,236)
Total State	<u>213,649,576</u>	<u>214,537,745</u>	<u>214,263,863</u>	<u>(273,882)</u>
Local:				
District School Taxes	106,219,031	106,384,158	106,444,790	60,632
Tax Redemptions	500,000	598,943	666,828	67,885
Tuition	-	-	352	352
Rent	285,000	286,700	105,549	(181,151)
Investment Income	350,000	743,235	778,525	35,290
Net Decrease in Fair Value of Investments	-	-	(158,561)	(158,561)
Gifts, Grants, and Bequests	-	50,903	58,248	7,345
Adult General Education Course Fees	65,000	65,000	46,663	(18,337)
Postsecondary Vocational Course Fees	1,306,694	1,325,924	948,194	(377,730)
Continuing Workforce Education Course Fees	277,883	-	-	-
Capital Improvement Fees	208,495	210,312	53,580	(156,732)
Postsecondary Lab Fees	1,219,744	1,247,366	988,950	(258,416)
Lifelong Learning Fees	798,100	1,624,167	741,319	(882,848)
General Education Testing	1,000	1,000	-	(1,000)
Financial Aid Fees	149,412	151,557	107,353	(44,204)
Other Student Fees	40,000	333,812	293,715	(40,097)
School Age Child Care Fees	3,500,000	4,029,226	4,029,227	1
Other Schools, Courses, and Classes Fees	4,200	4,365	4,364	(1)
Bus Fees	-	-	69,663	69,663
Transportation Services Rendered for School Activities	100,000	100,000	86,674	(13,326)
Sale of Junk	-	-	31,760	31,760
Receipt of Federal Indirect Cost Rate	1,500,000	1,500,000	1,488,078	(11,922)
Miscellaneous Local Revenues	2,085,859	2,985,823	3,781,657	795,834
Refunds of Prior Year Expenses	140	140	22,121	21,981
Collection of Lost or Damaged Textbooks	-	33,255	33,210	(45)
Receipts of Food Service Indirect Costs	600,000	600,000	677,177	77,177
Total Local	<u>119,210,558</u>	<u>122,275,886</u>	<u>121,299,436</u>	<u>(976,450)</u>
Total Revenues	<u>336,028,234</u>	<u>340,603,513</u>	<u>339,445,697</u>	<u>(1,157,816)</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)**

Expenditures	Original Budget	Final Budget	Actual	Variance with Final Budget
Current Education:				
Instruction:				
Salaries	\$ 140,090,770	\$ 143,843,860	\$ 139,310,421	\$ 4,533,439
Employee Benefits	41,279,681	42,008,344	40,700,329	1,308,015
Purchased Services	15,869,288	16,757,727	15,973,877	783,850
Energy Services	14,300	12,320	9,653	2,667
Materials and Supplies	12,683,003	12,020,160	3,656,523	8,363,637
Capital Outlay	2,205,215	4,386,179	3,498,864	887,315
Other	5,716,444	3,921,605	3,417,953	503,652
Total Instruction	217,858,701	222,950,195	206,567,620	16,382,575
Student Personnel Services:				
Salaries	15,320,003	15,696,977	15,450,412	246,565
Employee Benefits	4,690,208	5,138,286	4,901,147	237,139
Purchased Services	2,441,773	2,569,397	2,565,147	4,250
Energy Services	2,000	900	884	16
Materials and Supplies	98,352	75,154	66,459	8,695
Capital Outlay	16,482	12,945	12,459	486
Other	4,500	2,195	2,097	98
Total Student Personnel Services	22,573,318	23,495,854	22,998,605	497,249
Instructional Media Services:				
Salaries	3,021,496	3,079,526	2,921,459	158,067
Employee Benefits	936,060	979,851	897,117	82,734
Purchased Services	80,335	99,932	98,837	1,095
Energy Services	2,800	573	572	1
Materials and Supplies	122,393	28,076	21,496	6,580
Capital Outlay	362,740	322,773	217,400	105,373
Other	11,200	5,225	5,146	79
Total Instructional Media Services	4,537,024	4,515,956	4,162,027	353,929
Instruction and Curriculum Development:				
Salaries	3,086,233	3,199,724	2,490,645	709,079
Employee Benefits	796,788	875,993	688,787	187,206
Purchased Services	279,224	242,316	242,226	90
Energy Services	3,000	935	884	51
Materials and Supplies	140,646	18,910	16,046	2,864
Capital Outlay	29,912	20,157	17,999	2,158
Other	463,604	459,077	459,075	2
Total Instruction and Curriculum Development	4,799,407	4,817,112	3,915,662	901,450
Instructional Staff Training Services:				
Salaries	1,505,051	1,935,491	1,769,091	166,400
Employee Benefits	383,661	516,266	465,507	50,759
Purchased Services	246,350	244,322	219,284	25,038
Materials and Supplies	217,600	49,105	33,113	15,992
Capital Outlay	33,141	951	927	24
Other	428,172	303,637	210,923	92,714
Total Instructional Staff Training Services	2,813,975	3,049,772	2,698,845	350,927

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)**

Expenditures (continued)	Original Budget	Final Budget	Actual	Variance with Final Budget
Current Education (continued):				
Instruction Related Technology:				
Salaries	\$ 1,434,891	\$ 1,436,943	\$ 1,344,368	\$ 92,575
Employee Benefits	490,692	507,466	468,601	38,865
Purchased Services	690,838	713,478	712,585	893
Energy Services	7,200	6,105	6,084	21
Materials and Supplies	20,325	23,701	23,663	38
Capital Outlay	215,728	160,878	160,858	20
Other	-	11,219	11,207	12
Total Instruction Related Technology	<u>2,859,674</u>	<u>2,859,790</u>	<u>2,727,366</u>	<u>132,424</u>
Board of Education:				
Salaries	390,461	400,331	395,725	4,606
Employee Benefits	214,520	246,641	187,059	59,582
Purchased Services	247,161	157,308	154,786	2,522
Materials and Supplies	6,850	3,287	3,261	26
Capital Outlay	3,000	3,266	3,256	10
Other	23,550	22,917	22,875	42
Total Board of Education	<u>885,542</u>	<u>833,750</u>	<u>766,962</u>	<u>66,788</u>
General Administration:				
Salaries	813,697	917,121	899,137	17,984
Employee Benefits	191,992	234,991	230,054	4,937
Purchased Services	232,854	233,535	232,746	789
Materials and Supplies	8,726	13,352	9,110	4,242
Capital Outlay	2,090	8,200	7,930	270
Other	44,350	64,830	46,686	18,144
Total General Administration	<u>1,293,709</u>	<u>1,472,029</u>	<u>1,425,663</u>	<u>46,366</u>
School Administration:				
Salaries	15,205,028	15,844,205	15,403,850	440,355
Employee Benefits	4,326,882	4,668,354	4,487,733	180,621
Purchased Services	323,740	367,335	298,362	68,973
Energy Services	-	600	-	600
Materials and Supplies	132,415	54,332	43,277	11,055
Capital Outlay	31,149	64,119	40,411	23,708
Other	12,885	25,310	20,573	4,737
Total School Administration	<u>20,032,099</u>	<u>21,024,255</u>	<u>20,294,206</u>	<u>730,049</u>
Facility Services:				
Salaries	506,046	517,074	517,072	2
Employee Benefits	159,988	172,897	172,878	19
Purchased Services	65,000	32,766	32,503	263
Energy Services	4,000	3,000	2,938	62
Materials and Supplies	12,600	7,100	6,967	133
Capital Outlay	319,123	373,560	18,694	354,866
Other	2,500	600	555	45
Total Facility Services	<u>1,069,257</u>	<u>1,106,997</u>	<u>751,607</u>	<u>355,390</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)**

Expenditures (continued)	Original Budget	Final Budget	Actual	Variance with Final Budget
Current Education (continued):				
Fiscal Services:				
Salaries	\$ 2,052,733	\$ 2,052,733	\$ 1,804,822	\$ 247,911
Employee Benefits	572,546	683,120	644,246	38,874
Purchased Services	616,041	703,105	700,505	2,600
Energy Services	225	791	790	1
Materials and Supplies	106,800	19,000	17,312	1,688
Capital Outlay	13,952	2,469	1,840	629
Other	22,328	29,336	21,126	8,210
Total Fiscal Services	3,384,625	3,490,554	3,190,641	299,913
Central Services:				
Salaries	3,044,103	3,136,110	3,036,535	99,575
Employee Benefits	910,325	1,006,735	966,126	40,609
Purchased Services	578,538	605,581	370,604	234,977
Energy Services	26,100	26,200	21,598	4,602
Materials and Supplies	176,850	116,427	20,310	96,117
Capital Outlay	88,281	83,143	56,700	26,443
Other	72,677	78,955	42,467	36,488
Total Central Services	4,896,874	5,053,151	4,514,340	538,811
Student Transportation Services:				
Salaries	10,905,297	11,627,367	11,527,856	99,511
Employee Benefits	4,597,058	4,644,078	4,587,357	56,721
Purchased Services	1,474,241	1,454,926	1,387,998	66,928
Energy Services	2,083,178	2,367,201	2,019,272	347,929
Materials and Supplies	1,268,516	1,202,829	1,053,097	149,732
Capital Outlay	157,413	40,056	14,666	25,390
Other	21,750	13,707	12,223	1,484
Total Student Transportation Services	20,507,453	21,350,164	20,602,469	747,695
Operation of Plant:				
Salaries	7,741,984	7,814,253	7,208,818	605,435
Employee Benefits	2,939,421	3,231,408	3,027,975	203,433
Purchased Services	5,190,878	5,220,096	5,052,895	167,201
Energy Services	8,632,961	8,633,215	7,748,998	884,217
Materials and Supplies	1,209,864	1,157,516	1,051,177	106,339
Capital Outlay	128,774	43,297	32,776	10,521
Other	120,800	85,800	79,332	6,468
Total Operation of Plant	25,964,682	26,185,585	24,201,971	1,983,614
Maintenance of Plant:				
Salaries	5,489,663	5,493,942	5,178,166	315,776
Employee Benefits	1,860,356	2,009,369	1,856,631	152,738
Purchased Services	1,501,206	1,300,991	1,206,069	94,922
Energy Services	167,150	146,529	146,376	153
Materials and Supplies	1,263,058	1,135,909	1,073,620	62,289
Capital Outlay	428,107	36,488	28,721	7,767
Other	16,073	81,859	79,603	2,256
Total Maintenance of Plant	10,725,613	10,205,087	9,569,186	635,901

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Concluded)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures (concluded)				
Current Education (concluded):				
Administrative Technology Services:				
Salaries	\$ 1,635,695	\$ 1,635,695	\$ 1,563,114	\$ 72,581
Employee Benefits	452,853	462,057	438,004	24,053
Purchased Services	2,792,507	2,842,841	2,151,542	691,299
Energy Services	2,000	5,216	5,006	210
Materials and Supplies	17,248	41,491	30,390	11,101
Capital Outlay	2,758,742	606,975	587,367	19,608
Other	2,250	76,180	46,985	29,195
Total Administrative Technology Services	<u>7,661,295</u>	<u>5,670,455</u>	<u>4,822,408</u>	<u>848,047</u>
Community Services:				
Salaries	2,978,565	3,158,545	2,802,248	356,297
Employee Benefits	740,577	795,980	722,031	73,949
Purchased Services	132,000	108,274	84,103	24,171
Energy Services	-	927	933	-
Materials and Supplies	70,860	87,244	62,791	24,453
Capital Outlay	11,541	20,560	16,907	3,653
Other	2,000	727	375	352
Total Community Services	<u>3,935,543</u>	<u>4,172,257</u>	<u>3,689,388</u>	<u>482,875</u>
Capital Outlay:				
Facility Acquisition and Construction	960,601	960,601	960,601	-
Other Capital Outlay	1,312,806	1,377,151	1,377,151	-
Total Capital Outlay	<u>2,273,407</u>	<u>2,337,752</u>	<u>2,337,752</u>	<u>-</u>
Total Expenditures	<u>357,644,091</u>	<u>364,590,715</u>	<u>339,236,718</u>	<u>24,014,041</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(21,615,857)</u>	<u>(23,987,202)</u>	<u>208,979</u>	<u>22,856,225</u>
Other Financing Sources (Uses)				
Insurance Loss Recoveries	-	154,336	131,221	(23,115)
Transfers In	5,807,677	5,658,973	5,658,973	-
Transfers Out	(20,000)	(20,000)	(18,022)	1,978
Total Other Financing Sources	<u>5,787,677</u>	<u>5,793,309</u>	<u>5,772,172</u>	<u>(21,137)</u>
Net Change in Fund Balance	(15,828,180)	(18,193,893)	5,981,151	22,835,088
Fund Balance - Beginning	<u>42,150,158</u>	<u>42,150,366</u>	<u>42,150,366</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 26,321,978</u>	<u>\$ 23,956,473</u>	<u>\$ 48,131,517</u>	<u>\$ 22,835,088</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Food Service Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Federal Through State:				
National School Lunch Act	\$ 16,256,675	\$ 16,256,675	\$ 16,143,167	\$ (113,508)
School Breakfast Program	6,358,985	6,358,985	5,984,368	(374,617)
Miscellaneous Federal Revenues	3,229,823	3,706,693	3,146,913	(559,780)
Total Federal Through State	<u>25,845,483</u>	<u>26,322,353</u>	<u>25,274,448</u>	<u>(1,047,905)</u>
State:				
Breakfast Supplement	202,672	195,891	189,156	(6,735)
School Lunch Supplement	203,964	203,964	200,363	(3,601)
Total State	<u>406,636</u>	<u>399,855</u>	<u>389,519</u>	<u>(10,336)</u>
Local:				
Charges for Services - Food Service	2,794,734	2,466,546	2,009,270	(457,276)
Investment Income	40,044	80,465	80,464	(1)
Net Decrease in Fair Value of Investments	-	-	(9,597)	(9,597)
Other	-	29,598	29,599	1
Total Local	<u>2,834,778</u>	<u>2,576,609</u>	<u>2,109,736</u>	<u>(466,873)</u>
Total Revenues	<u>29,086,897</u>	<u>29,298,817</u>	<u>27,773,703</u>	<u>(1,525,114)</u>
Expenditures				
Current Education:				
Food Services:				
Salaries	8,538,462	8,538,462	8,271,847	266,615
Employee Benefits	3,147,317	3,767,317	3,644,615	122,702
Purchased Services	949,621	949,621	645,186	304,435
Energy Services	567,381	567,381	448,459	118,922
Materials and Supplies	15,148,034	14,739,954	14,071,630	668,324
Capital Outlay	1,643,772	1,643,773	184,829	1,458,944
Other	1,238,701	1,238,700	909,529	329,171
Total Food Services	<u>31,233,288</u>	<u>31,445,208</u>	<u>28,176,095</u>	<u>3,269,113</u>
Capital Outlay:				
Facilities Acquisition and Construction	701,429	701,429	701,429	-
Other Capital Outlay	196,611	196,611	196,611	-
Total Capital Outlay	<u>898,040</u>	<u>898,040</u>	<u>898,040</u>	<u>-</u>
Total Expenditures	<u>32,131,328</u>	<u>32,343,248</u>	<u>29,074,135</u>	<u>3,269,113</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,044,431)</u>	<u>(3,044,431)</u>	<u>(1,300,432)</u>	<u>1,743,999</u>
Other Financing Sources				
Transfers In	20,000	20,000	18,022	(1,978)
Net Change in Fund Balance	<u>(3,024,431)</u>	<u>(3,024,431)</u>	<u>(1,282,410)</u>	<u>1,742,021</u>
Fund Balance - Beginning	<u>11,144,997</u>	<u>11,144,997</u>	<u>11,144,998</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 8,120,566</u>	<u>\$ 8,120,566</u>	<u>\$ 9,862,588</u>	<u>\$ 1,742,022</u>

MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Other Federal Programs Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Federal Direct				
Pell Grants	\$ 1,250,000	\$ 1,500,000	\$ 1,390,835	\$ (109,165)
Federal Through State and Local				
Career and Technical Education	654,497	679,892	599,146	(80,746)
Individuals with Disabilities Education Act (IDEA)	13,091,844	13,212,870	11,612,664	(1,600,206)
Adult General Education	491,326	491,326	445,360	(45,966)
English Literacy and Civics Education	44,714	44,714	21,985	(22,729)
Elementary and Secondary Education Act	19,651,071	20,368,003	16,840,487	(3,527,516)
Teacher and Principal Training and Recruiting	2,742,402	2,804,171	1,603,863	(1,200,308)
Language Instruction	314,399	350,264	305,779	(44,485)
Twenty-First Century Schools	456,080	3,066,546	1,680,613	(1,385,933)
Miscellaneous Federal Through State	69,387	654,071	396,425	(257,646)
Federal Through Local	117,194	243,970	155,844	(88,126)
Total Federal Through State and Local	37,632,914	41,915,827	33,662,166	(8,253,661)
State				
Miscellaneous State	122,936	133,936	128,968	(4,968)
Local				
Gifts, Grants, and Bequests	275,714	1,065,404	407,147	(658,257)
Adult General Education Course Fees	-	-	13,323	13,323
Other Miscellaneous Local	42,911	150,346	149,711	(635)
Total Local	318,625	1,215,750	570,181	(645,569)
Total Revenues	39,324,475	44,765,513	35,752,150	(9,013,363)
Expenditures				
Current Education:				
Instruction:				
Salaries	8,467,246	10,876,604	9,674,377	1,202,227
Employee Benefits	3,712,991	4,246,249	3,758,749	487,500
Purchased Services	2,603,117	2,749,176	2,283,725	465,451
Materials and Supplies	2,193,949	2,364,891	1,461,519	903,372
Capital Outlay	645,663	1,430,488	1,166,359	264,129
Other	156,413	137,057	70,801	66,256
Total Instruction	17,779,379	21,804,465	18,415,530	3,388,935
Student Personnel Services:				
Salaries	5,270,285	5,375,127	4,760,438	614,689
Employee Benefits	2,004,518	2,002,401	1,437,194	565,207
Purchased Services	285,673	314,299	166,893	147,406
Energy Services	9,000	9,076	3,353	5,723
Materials and Supplies	235,825	280,881	140,153	140,728
Capital Outlay	39,617	64,645	31,654	32,991
Other	5,460	6,101	5,934	167
Total Student Personnel Services	7,850,378	8,052,530	6,545,619	1,506,911

MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - OTHER FEDERAL PROGRAMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Concluded)

	Other Federal Programs Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures (concluded)				
Current Education (concluded):				
Instruction and Curriculum Development:				
Salaries	\$ 1,493,780	\$ 1,553,139	\$ 1,370,154	\$ 182,985
Employee Benefits	461,842	451,183	394,409	56,774
Purchased Services	211,183	249,743	190,518	59,225
Materials and Supplies	85,927	115,327	54,711	60,616
Capital Outlay	14,215	66,836	27,236	39,600
Other	40,598	45,064	39,435	5,629
Total Instruction and Curriculum Development	<u>2,307,545</u>	<u>2,481,292</u>	<u>2,076,463</u>	<u>404,829</u>
Instructional Staff Training Services:				
Salaries	4,476,020	2,983,821	2,812,964	170,857
Employee Benefits	1,485,494	1,093,162	822,237	270,925
Purchased Services	365,415	1,030,482	518,839	511,643
Materials and Supplies	90,676	195,595	71,197	124,398
Capital Outlay	(5,878)	75,123	46,589	28,534
Other	663,655	1,609,978	470,983	1,138,995
Total Instructional Staff Training Services	<u>7,075,382</u>	<u>6,988,161</u>	<u>4,742,809</u>	<u>2,245,352</u>
General Administration:				
Salaries	-	52,948	52,946	2
Employee Benefits	-	14,583	12,318	2,265
Other	1,738,887	1,909,841	1,488,181	421,660
Total General Administration	<u>1,738,887</u>	<u>1,977,372</u>	<u>1,553,445</u>	<u>423,927</u>
School Administration:				
Salaries	-	7,000	350	6,650
Employee Benefits	-	1,215	59	1,156
Total School Administration	<u>-</u>	<u>8,215</u>	<u>409</u>	<u>7,806</u>
Facility Services:				
Purchased Services	-	19,529	1,484	18,045
Capital Outlay	29,448	415,919	-	415,919
Total Facility Services	<u>29,448</u>	<u>435,448</u>	<u>1,484</u>	<u>433,964</u>
Central Services:				
Purchased Services	-	5,100	-	5,100
Student Transportation Services:				
Salaries	227,327	268,031	99,557	168,474
Employee Benefits	37,920	46,708	20,193	26,515
Purchased Services	2,900	2,068	-	2,068
Materials and Supplies	900	-	-	-
Capital Outlay	14,768	-	-	-
Energy Services	244,440	430,177	143,828	286,349
Total Student Transportation Services	<u>528,255</u>	<u>746,984</u>	<u>263,578</u>	<u>483,406</u>
Community Services:				
Salaries	1,682	1,682	-	1,682
Employee Benefits	1,537	1,537	-	1,537
Purchased Services	990	990	481	509
Materials and Supplies	7,126	7,871	7,615	256
Other	1,250,000	1,500,000	1,390,851	109,149
Total Community Services	<u>1,261,335</u>	<u>1,512,080</u>	<u>1,398,947</u>	<u>113,133</u>
Capital Outlay:				
Facilities Acquisition and Construction	558,459	558,459	558,459	-
Other Capital Outlay	195,407	195,407	195,407	-
Total Expenditures	<u>39,324,475</u>	<u>44,765,513</u>	<u>35,752,150</u>	<u>9,013,363</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Marion County District School Board
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years***

Florida Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Marion County School Board's proportion of the net pension liability	0.504575470%	0.507447693%	0.521988161%	0.524521642%	0.536352569%
Marion County School Board's proportionate share of the net pension liability	\$ 149,250,038	\$ 128,130,941	\$ 67,421,772	\$ 32,003,534	\$ 92,330,148
Marion County School Board's covered-employee payroll	\$ 229,899,245	\$ 223,856,707	\$ 208,929,545	\$ 203,238,439	\$ 202,248,189
Marion County School Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	64.92%	57.24%	32.27%	15.75%	45.65%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%	88.54%

Health Insurance Subsidy

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Marion County School Board's proportion of the net pension liability	0.720509302%	0.725308478%	0.690189062%	0.683926637%	0.696145303%
Marion County School Board's proportionate share of the net pension liability	\$ 77,040,179	\$ 84,531,698	\$ 70,388,427	\$ 63,948,809	\$ 60,608,602
Marion County School Board's covered-employee payroll	\$ 229,899,245	\$ 223,856,707	\$ 208,929,545	\$ 203,238,439	\$ 202,248,189
Marion County School Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.51%	37.76%	33.69%	31.46%	29.97%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%	1.78%

* The amounts presented for each fiscal year were determined as of 6/30. The District implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015. As a result, this information is only available as of June 30, 2013.

**Marion County District School Board
Required Supplementary Information
Schedule of Contributions - Pension Plans
Last 10 Fiscal Years***

Florida Retirement System

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 14,269,459	\$ 13,201,646	\$ 12,450,461	\$ 12,726,515	\$ 11,489,250
Contributions in relation to the contractually required contribution	<u>\$ (14,269,459)</u>	<u>\$ (13,201,646)</u>	<u>\$ (12,450,461)</u>	<u>\$ (12,726,515)</u>	<u>\$ (11,489,250)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Marion County School Board's covered-employee payroll	\$ 237,064,100	\$ 229,899,245	\$ 223,856,707	\$ 208,929,545	\$ 203,238,439
Contributions as a percentage of covered-employee payroll	6.02%	5.74%	5.56%	6.09%	5.65%

Health Insurance Subsidy

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,877,158	\$ 3,816,327	\$ 3,716,021	\$ 2,638,332	\$ 2,342,903
Contributions in relation to the contractually required contribution	<u>\$ (3,877,158)</u>	<u>\$ (3,816,327)</u>	<u>\$ (3,716,021)</u>	<u>\$ (2,638,332)</u>	<u>\$ (2,342,903)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Marion County School Board's covered-employee payroll	\$ 237,064,100	\$ 229,899,245	\$ 223,856,707	\$ 208,929,545	\$ 203,238,439
Contributions as a percentage of covered-employee payroll	1.64%	1.66%	1.66%	1.26%	1.15%

* The amounts presented for each fiscal year were determined as of 6/30. The District implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015. As a result, this information is only available as of June 30, 2014.

**Marion County District School Board
Required Supplementary Information
Schedule of Change in Other Postemployment Benefit (OPEB) Plan Liability and Related Ratios
Last 10 Fiscal Years***

		2017
Service Cost	\$	1,371,357
Interest on the Total OPEB Plan Liability		840,553
Changes of Assumptions		(1,766,608)
Benefit Payments		(1,546,160)
Net Change in Total OPEB Plan Liability		(1,100,858)
Total OPEB Plan Liability, Beginning, As Restated		28,187,777
Total OPEB Plan Liability, Ending	\$	27,086,919
Total OPEB Plan Liability	\$	27,086,919
Covered- Employee Payroll	\$	201,855,668
Total OPEB Plan Liability as a Percentage of Covered-Employee Payroll		13.42%

* The amounts presented for each fiscal year were determined as of June 30. The District implemented GASB Statement No. 75 for the fiscal year ended June 30, 2018. As a result, this schedule will present 10 years information as available.

**MARION COUNTY DISTRICT SCHOOL BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

Budgetary Compliance and Accountability

The Board follows procedures established by Florida Statutes and SBE rules in establishing budget balances for governmental funds as described below.

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

Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The following changes in actuarial assumptions occurred in 2017:

- FRS: The long-term expected rate of return decreased from 7.60 percent to 7.10 percent, and the active member mortality assumption was updated.
- HIS: The municipal bond rate used to determine total pension liability increased from 2.85 percent to 3.58 percent.

Schedule of Change in Other Postemployment Benefit (OPEB) Plan Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

Changes in assumptions and other inputs include the change in the discount rate from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the end of the measurement period. This change is reflected in the Schedule of Changes in Total OPEB Plan Liability.

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SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**MARION COUNTY DISTRICT SCHOOL BOARD
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 JUNE 30, 2018**

	Debt Service	
	State Board of Education COBI Bonds Fund	Other Debt Service Fund
Assets		
Cash	\$ -	\$ 533,997
Investments	34,518	355
Accounts Receivable	-	246
Due From Other Agencies	-	-
Total Assets	\$ 34,518	\$ 534,598
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ -	\$ -
Construction Contracts Payable	-	-
Construction Contracts Payable - Retainage	-	-
Total Liabilities	-	-
Fund Balances		
Restricted for:		
Debt Service	34,518	534,598
Capital Projects	-	-
Total Restricted Fund Balance	34,518	534,598
Total Fund Balances	34,518	534,598
Total Liabilities and Fund Balances	\$ 34,518	\$ 534,598

Capital Projects			
Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total
\$ 77,112	\$ 1,640,849	\$ 1,409,321	\$ 3,661,279
-	292	5,661,404	5,696,569
-	-	-	246
843,136	-	-	843,136
<u>\$ 920,248</u>	<u>\$ 1,641,141</u>	<u>\$ 7,070,725</u>	<u>\$ 10,201,230</u>
\$ 123,408	\$ -	\$ 34,805	\$ 158,213
41,502	-	84,000	125,502
4,611	-	40,805	45,416
169,521	-	159,610	329,131
-	-	-	569,116
750,727	1,641,141	6,911,115	9,302,983
750,727	1,641,141	6,911,115	9,872,099
750,727	1,641,141	6,911,115	9,872,099
<u>\$ 920,248</u>	<u>\$ 1,641,141</u>	<u>\$ 7,070,725</u>	<u>\$ 10,201,230</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Debt Service	
	State Board of Education COBI Bonds Fund	Other Debt Service Fund
Revenues		
Intergovernmental:		
State	\$ 440,816	\$ 223,250
Local:		
Impact Fees	-	-
Other	-	1,587
Total Local:	-	1,587
Total Revenues	440,816	224,837
Expenditures		
Capital Outlay:		
Facilities Acquisition and Construction	-	-
Other Capital Outlay	-	-
Debt Service:		
Retirement of Principal	365,000	12,166,000
Interest and Fiscal Charges	82,646	3,070,380
Total Expenditures	447,646	15,236,380
Excess (Deficiency) of Revenues Over Expenditures	(6,830)	(15,011,543)
Other Financing Sources (Uses)		
Transfers In	-	15,036,577
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	15,036,577
Net Change in Fund Balances	(6,830)	25,034
Fund Balances - Beginning	41,348	509,564
Fund Balances - Ending	\$ 34,518	\$ 534,598

Capital Projects			
Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund	Other Capital Projects Fund	Total
\$ 978,366	\$ 1,159,951	\$ -	\$ 2,802,383
-	-	7,934	7,934
240	1,687	117,542	121,056
240	1,687	125,476	128,990
978,606	1,161,638	125,476	2,931,373
-	1,029,426	-	1,029,426
1,295,737	-	3,576,560	4,872,297
-	-	-	12,531,000
-	1,316	-	3,154,342
1,295,737	1,030,742	3,576,560	21,587,065
(317,131)	130,896	(3,451,084)	(18,655,692)
-	-	-	15,036,577
(64,195)	-	-	(64,195)
(64,195)	-	-	14,972,382
(381,326)	130,896	(3,451,084)	(3,683,310)
1,132,053	1,510,245	10,362,199	13,555,409
\$ 750,727	\$ 1,641,141	\$ 6,911,115	\$ 9,872,099

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>State Board of Education COBI Bonds Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
State:			
Debt Service for State Board of Education/COBI Bonds	\$ 438,191	\$ 438,190	\$ (1)
State Board of Education/COBI Bond Interest	2,627	2,626	(1)
Total Revenues	<u>440,818</u>	<u>440,816</u>	<u>(2)</u>
Expenditures			
Debt Service:			
Retirement of Principal	365,000	365,000	-
Interest and Fiscal Charges	82,647	82,646	(1)
Total Expenditures	<u>447,647</u>	<u>447,646</u>	<u>(1)</u>
Net Change in Fund Balance	(6,829)	(6,830)	(1)
Fund Balance - Beginning	<u>41,348</u>	<u>41,348</u>	-
Fund Balance - Ending	<u>\$ 34,519</u>	<u>\$ 34,518</u>	<u>\$ (1)</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Other Debt Service Fund		
	Final Budget	Actual	Variance with Final Budget
Revenues			
State:			
Racing Commission Funds	\$ 223,250	\$ 223,250	\$ -
Local:			
Investment Income	1,346	1,341	(5)
Refund of Prior Year's Expenditures	246	246	-
Total Revenues	<u>224,842</u>	<u>224,837</u>	<u>(5)</u>
Expenditures			
Debt Service:			
Retirement of Principal	12,166,000	12,166,000	-
Interest and Fiscal Charges	3,073,889	3,070,380	3,509
Total Expenditures	<u>15,239,889</u>	<u>15,236,380</u>	<u>3,509</u>
Deficiency of Revenues Over Expenditures	<u>(15,015,047)</u>	<u>(15,011,543)</u>	<u>3,504</u>
Other Financing Uses			
Transfers in	15,036,581	15,036,577	(4)
Net Change in Fund Balance	21,534	25,034	3,500
Fund Balance - Beginning	<u>509,564</u>	<u>509,564</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 531,098</u>	<u>\$ 534,598</u>	<u>\$ 3,500</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Public Education Capital Outlay Fund		
	Final Budget	Actual	Variance with Final Budget
Revenues			
State:			
Public Education Capital Outlay (PECO)	\$ 914,171	\$ 914,171	\$ -
Charter School Capital Outlay Funding	64,195	64,195	-
Total State Sources	<u>978,366</u>	<u>978,366</u>	<u>-</u>
Local:			
Investment Income	242	240	(2)
Total Revenues	<u>978,608</u>	<u>978,606</u>	<u>(2)</u>
Expenditures			
Capital Outlay:			
Facilities Acquisition and Construction:			
Improvements Other Than Buildings	157,300	155,980	1,320
Remodeling and Renovations	1,888,921	1,139,757	749,164
Total Expenditures	<u>2,046,221</u>	<u>1,295,737</u>	<u>750,484</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,067,613)</u>	<u>(317,131)</u>	<u>750,482</u>
Other Financing Uses			
Transfers Out	(64,195)	(64,195)	-
Net Change in Fund Balance	(1,131,808)	(381,326)	750,482
Fund Balance - Beginning	1,132,053	1,132,053	-
Fund Balance - Ending	<u>\$ 245</u>	<u>\$ 750,727</u>	<u>\$ 750,482</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Capital Outlay and Debt Service Fund		
	Final Budget	Actual	Variance with Final Budget
Revenues			
State:			
Capital Outlay/Debt Service Distributed	\$ 1,140,375	\$ 1,140,374	\$ (1)
Interest on Undistributed Capital Outlay and Debt Service	<u>19,578</u>	<u>19,577</u>	<u>(1)</u>
Total State	<u>1,159,953</u>	<u>1,159,951</u>	<u>(2)</u>
Local:			
Investment Income	<u>1,688</u>	<u>1,687</u>	<u>(1)</u>
Total Revenues	<u>1,161,641</u>	<u>1,161,638</u>	<u>(3)</u>
Expenditures			
Capital Outlay:			
Facilities Acquisition and Construction:			
Remodeling and Renovation	1,242,306	1,029,426	212,880
Debt Service:			
Interest and Fiscal Charges	<u>1,316</u>	<u>1,316</u>	<u>-</u>
Total Expenditures	<u>1,243,622</u>	<u>1,030,742</u>	<u>212,880</u>
Net Change in Fund Balance	(81,981)	130,896	212,877
Fund Balance - Beginning	<u>1,510,245</u>	<u>1,510,245</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,428,264</u>	<u>\$ 1,641,141</u>	<u>\$ 212,877</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Other Capital Projects Fund		
	Final Budget	Actual	Variance with Final Budget
Revenues			
Local:			
Impact Fees	\$ 7,934	\$ 7,934	\$ -
Investment Income	110,459	110,456	(3)
Gain of Sale of Investments	7,087	7,086	(1)
Total Revenues	<u>125,480</u>	<u>125,476</u>	<u>(4)</u>
Expenditures			
Capital Outlay:			
Facilities Acquisition and Construction:			
Land	-	8,881	(8,881)
Buildings and Fixed Equipment	3,736,249	3,567,679	168,570
Total Facilities Acquisition and Construction	<u>3,736,249</u>	<u>3,576,560</u>	<u>159,689</u>
Total Expenditures	<u>3,736,249</u>	<u>3,576,560</u>	<u>159,689</u>
Deficiency of Revenues Over Expenditures	<u>(3,610,769)</u>	<u>(3,451,084)</u>	<u>159,685</u>
Net Change in Fund Balance	(3,610,769)	(3,451,084)	159,685
Fund Balance - Beginning	<u>10,362,199</u>	<u>10,362,199</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,751,430</u>	<u>\$ 6,911,115</u>	<u>\$ 159,685</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Local Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local:				
District Local Capital Improvement Tax	\$ 26,291,840	\$ 26,347,708	\$ 26,347,707	\$ (1)
Tax Redemptions	-	160,291	160,290	(1)
Investment Income	-	135,566	135,556	(10)
Net Decrease in Fair Value of Investments	-	(8,638)	(8,637)	1
Total Revenues	<u>26,291,840</u>	<u>26,634,927</u>	<u>26,634,916</u>	<u>(11)</u>
Expenditures				
Current Education:				
Facility Services	-	-	13,617	(13,617)
Capital Outlay:				
Facilities Acquisition and Construction:				
Buildings and Fixed Equipment	792,728	1,754,136	871,746	882,390
Furniture, Fixtures and Equipment	-	59,275	13,922	45,353
Improvements Other Than Buildings	450,000	1,508,437	216,183	1,292,254
Remodeling and Renovations	10,773,892	8,503,155	2,388,289	6,114,866
Other Capital Outlay:				
Buses	1,500,750	1,500,930	1,500,930	-
Vehicles	418,081	421,121	385,688	35,433
Total Expenditures	<u>13,935,451</u>	<u>13,747,054</u>	<u>5,390,375</u>	<u>8,356,679</u>
Excess of Revenues Over Expenditures	<u>12,356,389</u>	<u>12,887,873</u>	<u>21,244,541</u>	<u>8,356,668</u>
Other Financing Uses				
Transfers Out	<u>(20,659,893)</u>	<u>(20,631,986)</u>	<u>(20,631,355)</u>	<u>631</u>
Net Change in Fund Balance	(8,303,504)	(7,744,113)	613,186	8,357,299
Fund Balance - Beginning	<u>8,303,503</u>	<u>8,303,503</u>	<u>8,303,503</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (1)</u>	<u>\$ 559,390</u>	<u>\$ 8,916,689</u>	<u>\$ 8,357,299</u>

**MARION COUNTY DISTRICT SCHOOL BOARD
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	School Internal Accounts - Student Activity Funds			
	July 1, 2017	Additions	Deletions	June 30, 2018
Assets				
Cash	\$ 4,120,944	\$ 13,301,364	\$ 13,288,984	\$ 4,133,324
Liabilities				
School Internal Accounts Payable	\$ 4,120,944	\$ 13,301,364	\$ 13,288,984	\$ 4,133,324

NONMAJOR COMPONENT UNITS

Foundation

Public Education Foundation of Marion County, Inc.

Charter Schools

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

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**MARION COUNTY DISTRICT SCHOOL BOARD
NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018**

	Public Education Foundation of Marion County, Inc.	Marion Charter School, Inc.	McIntosh Area Charter School, Incorporated	Francis Marion Military Academy, Inc.	Francis Marion Charter School, Inc.	Total
Assets						
Current Assets:						
Cash	\$ 263,185	\$ 537,483	\$ 87,094	\$ 24,676	\$ 66,975	\$ 979,413
Accounts Receivable	66,015	-	308	-	-	66,323
Deposits Receivable	-	1,600	-	14,157	14,990	30,747
Inventories	431,555	-	-	555	-	432,110
Prepaid Items	41,998	1,184	4,520	-	-	47,702
Total Current Assets	802,753	540,267	91,922	39,388	81,965	1,556,295
Noncurrent Assets:						
Assets Held by Others	2,023,083	-	-	-	-	2,023,083
Investments	490,419	-	-	-	-	490,419
Capital Assets Not Being Depreciated	-	248,319	116,514	-	-	364,833
Capital Assets Being Depreciated, Net	16,219	429,884	299,814	137,393	25,788	909,098
Total Noncurrent Assets	2,529,721	678,203	416,328	137,393	25,788	3,787,433
Total Assets	3,332,474	1,218,470	508,250	176,781	107,753	5,343,728
Deferred Outflows of Resources						
Deferred Amount on Pension Liability	-	405,477	-	-	-	405,477
Liabilities						
Current Liabilities:						
Salaries and Benefits Payable	-	-	23,560	-	2,942	26,502
Accounts Payable	63,236	1,812	1,437	42,854	-	109,339
Long-term Liabilities Due Within One Year	-	62,785	-	11,853	-	74,638
Total Current Liabilities	63,236	64,597	24,997	54,707	2,942	210,479
Noncurrent Liabilities						
Due After One Year	-	855,394	4,890	29,618	-	889,902
Total Noncurrent Liabilities	-	855,394	4,890	29,618	-	889,902
Total Liabilities	63,236	919,991	29,887	84,325	2,942	1,100,381
Deferred Inflows of Resources						
Deferred Amount on Pension Liability	-	56,919	-	-	-	56,919
Net Position						
Net Investment in Capital Assets	16,219	631,351	414,842	137,393	25,788	1,225,593
Restricted for:						
Permanent Endowments:						
Nonexpendable	97,698	-	-	-	-	97,698
Other Purposes	2,646,975	-	-	-	-	2,646,975
Unrestricted	508,346	15,686	63,521	(44,937)	79,023	621,639
Total Net Position	\$ 3,269,238	\$ 647,037	\$ 478,363	\$ 92,456	\$ 104,811	\$ 4,591,905

**MARION COUNTY DISTRICT SCHOOL BOARD
NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nonmajor Component Units				
Governmental Activities				
Public Education Foundation of Marion County, Inc.:				
General Administration	\$ 344,955	\$ -	\$ -	\$ -
Community Services	1,965,060	-	1,863,442	-
Unallocated Interest on Long-term Debt	9,354	-	-	-
Total Public Education Foundation of Marion County	<u>2,319,369</u>	<u>-</u>	<u>1,863,442</u>	<u>-</u>
Marion Charter School, Inc.:				
Instruction	1,102,081	14,610	-	-
Student Support Services	102,182	-	-	-
General Administration	436,354	-	53,437	-
Community Services	9,277	40,328	-	-
Unallocated Interest on Long-term Debt	3,992	-	3,992	-
Total Marion Charter School, Inc.	<u>1,653,886</u>	<u>54,938</u>	<u>57,429</u>	<u>-</u>
McIntosh Area Charter School, Incorporated:				
Instruction	343,187	4,167	-	-
General Administration	204,568	-	-	20,383
Maintenance of Plant	2,800	-	-	-
Community Services	12,780	15,374	-	-
Unallocated Interest on Long-term Debt	722	-	-	-
Total McIntosh Area Charter School, Incorporated	<u>564,057</u>	<u>19,541</u>	<u>-</u>	<u>20,383</u>
Francis Marion Military Academy, Inc.:				
Instruction	416,900	-	-	-
General Administration	606,206	-	-	-
Maintenance of Plant	1,265	-	-	-
Community Services	5,653	-	-	-
Unallocated Interest on Long-term Debt	1,114	-	-	-
Total Francis Marion Military Academy, Inc.	<u>1,031,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
Francis Marion Charter School, Inc.:				
Instruction	365,789	-	-	-
General Administration	499,688	-	-	-
Maintenance of Plant	213	-	-	-
Community Services	3,667	-	-	-
Total Francis Marion Charter School, Inc.	<u>869,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonmajor Component Units	<u>\$ 6,437,807</u>	<u>\$ 74,479</u>	<u>\$ 1,920,871</u>	<u>\$ 20,383</u>

General Revenues

Grants and Contributions Not Restricted
To Specific Programs
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position
Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

Component Units					
Public Education Foundation of Marion County, Inc.	Marion Charter School, Inc.	McIntosh Area Charter School, Incorporated	Francis Marion Military Academy, Inc.	Francis Marion Charter School, Inc.	Total
\$ (344,955)	\$ -	\$ -	\$ -	\$ -	\$ (344,955)
(101,618)	-	-	-	-	(101,618)
(9,354)	-	-	-	-	(9,354)
<u>(455,927)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(455,927)</u>
-	(1,087,471)	-	-	-	(1,087,471)
-	(102,182)	-	-	-	(102,182)
-	(382,917)	-	-	-	(382,917)
-	31,051	-	-	-	31,051
-	-	-	-	-	-
-	<u>(1,541,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,541,519)</u>
-	-	(339,020)	-	-	(339,020)
-	-	(184,185)	-	-	(184,185)
-	-	(2,800)	-	-	(2,800)
-	-	2,594	-	-	2,594
-	-	(722)	-	-	(722)
-	-	<u>(524,133)</u>	<u>-</u>	<u>-</u>	<u>(524,133)</u>
-	-	-	(416,900)	-	(416,900)
-	-	-	(606,206)	-	(606,206)
-	-	-	(1,265)	-	(1,265)
-	-	-	(5,653)	-	(5,653)
-	-	-	(1,114)	-	(1,114)
-	-	-	<u>(1,031,138)</u>	<u>-</u>	<u>(1,031,138)</u>
-	-	-	-	(365,789)	(365,789)
-	-	-	-	(499,688)	(499,688)
-	-	-	-	(213)	(213)
-	-	-	-	(3,667)	(3,667)
-	-	-	-	<u>(869,357)</u>	<u>(869,357)</u>
<u>(455,927)</u>	<u>(1,541,519)</u>	<u>(524,133)</u>	<u>(1,031,138)</u>	<u>(869,357)</u>	<u>(4,422,074)</u>
-	1,454,160	529,490	926,111	897,662	3,807,423
56,721	-	-	-	86	56,807
-	-	-	29,188	14,014	43,202
<u>56,721</u>	<u>1,454,160</u>	<u>529,490</u>	<u>955,299</u>	<u>911,762</u>	<u>3,907,432</u>
(399,206)	(87,359)	5,357	(75,839)	42,405	(514,642)
3,668,444	734,396	473,006	168,295	62,406	5,106,547
<u>\$ 3,269,238</u>	<u>\$ 647,037</u>	<u>\$ 478,363</u>	<u>\$ 92,456</u>	<u>\$ 104,811</u>	<u>\$ 4,591,905</u>

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Education is not learning the facts, but the training of the mind to think!

~Albert Einstein



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STATISTICAL SECTION

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

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	91
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Debt Capacity	
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Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

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

Table 1

	Fiscal Year Ending June 30:									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 361,414,395	\$ 385,274,585	\$ 397,845,050	\$ 401,984,084	\$ 424,639,560	\$ 421,531,025	\$ 424,703,252	\$ 427,231,115	\$ 430,615,015	\$ 437,935,375
Restricted	112,533,192	100,747,187	76,016,201	61,243,195	39,563,126	38,543,429	34,531,596	40,344,387	46,589,540	44,613,635
Unrestricted (Deficit)	(26,496,521)	(28,893,693)	(31,610,672)	(38,520,766)	(42,686,045)	(38,717,427)	(167,579,756)	(157,210,634)	(167,835,774)	(168,255,295)
Total Governmental Net Position	\$ 447,451,066	\$ 457,128,079	\$ 442,250,579	\$ 424,706,513	\$ 421,516,641	\$ 421,357,027	\$ 291,655,092	\$ 310,364,868	\$ 309,368,781	\$ 314,293,715

Note: Significant decrease was experienced in the 2015 fiscal year as a result of implementing GASB No. 68. Significant increase was experienced in the 2018 fiscal year as a result of implementing GASB No. 75.

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

Table 2

	Fiscal Year Ending June 30:									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Functions/Program Expenses:										
Instruction	\$ 200,716,797	\$ 207,738,856	\$ 212,253,161	\$ 195,573,215	\$ 193,104,354	\$ 204,444,783	\$ 218,354,709	\$ 222,627,462	\$ 240,181,428	\$ 246,324,171
Student Personnel Services	23,670,282	24,231,179	24,133,279	22,098,150	22,318,281	23,289,985	23,950,509	26,921,637	28,752,565	30,277,096
Instructional Media Services	5,087,765	4,840,227	4,977,843	4,265,084	4,085,164	3,729,590	3,911,410	4,950,533	5,185,913	4,423,914
Instruction and Curriculum Development	7,375,377	6,923,344	7,700,687	7,019,856	6,273,460	5,645,058	5,829,576	5,614,973	5,917,941	6,221,103
Instructional Staff Training Services	6,990,939	8,053,287	9,080,596	7,872,397	7,165,977	7,194,947	8,055,859	9,031,233	9,123,124	7,665,780
Instruction Related Technology	2,317,596	2,678,244	2,794,199	2,246,830	2,089,873	2,229,226	2,500,438	2,669,681	2,742,411	2,858,681
Board of Education	621,036	576,161	660,329	609,104	610,546	634,052	590,682	693,524	683,341	764,160
General Administration	2,084,111	3,243,177	3,301,514	2,235,331	2,357,108	2,316,446	2,789,387	2,847,397	3,331,174	3,090,996
School Administration	18,185,673	18,305,607	18,642,721	16,562,768	17,063,273	17,249,608	18,929,426	18,132,771	20,596,270	21,672,130
Facility Services	9,725,266	10,439,477	16,456,978	9,623,561	4,411,906	3,848,722	1,138,582	1,602,808	1,042,232	2,971,111
Fiscal Services	2,518,283	2,668,741	2,750,245	2,509,716	2,528,497	2,464,671	3,236,667	2,752,024	2,997,915	3,303,830
Food Services	20,124,044	20,228,293	20,559,098	21,649,060	22,368,022	23,066,934	25,092,655	27,389,859	28,409,893	29,176,087
Central Services	4,456,886	4,299,653	4,407,750	3,973,337	3,819,998	3,987,410	5,973,248	4,001,834	4,504,301	4,770,172
Student Transportation Services	21,091,291	19,758,533	20,334,725	18,990,431	18,604,907	21,274,194	20,088,339	20,774,721	22,290,992	22,828,958
Operation of Plant	27,818,480	26,984,427	26,997,233	23,026,130	22,464,976	23,861,211	24,035,990	23,055,086	23,452,974	24,668,869
Maintenance of Plant	10,839,742	9,314,330	9,848,470	8,982,975	8,577,801	8,846,764	9,740,872	9,133,472	9,877,571	10,075,905
Administrative Technology Services	4,387,626	4,356,504	4,559,778	3,985,071	4,868,187	4,157,489	5,275,929	5,049,540	5,480,488	5,517,045
Community Services	3,681,787	3,914,444	4,224,491	3,818,043	3,759,890	4,416,678	4,643,795	4,629,729	4,665,597	5,069,742
Unallocated Interest on Long-term Debt	8,065,434	7,525,224	7,131,032	7,020,315	5,965,804	5,679,051	4,432,956	3,989,079	3,415,034	3,004,016
Unallocated Depreciation Expense (a)	10,126,994	10,361,493	10,543,476	12,299,937	12,649,334	-	-	-	-	-
Loss on Disposal of Capital Assets	-	-	-	-	246,664	18,286	193,054	387,768	-	117,594
Total Functions/Program Expenditures	389,885,409	396,441,201	411,357,605	374,361,311	365,334,022	368,355,105	388,764,083	396,255,131	422,651,164	434,801,360
Program Revenues:										
Charges for Services:										
Instruction	5,163,169	5,531,573	5,216,738	5,393,459	6,640,861	6,448,549	7,241,668	7,257,853	7,955,731	7,213,358
Food Services	5,398,770	4,931,558	4,747,902	4,586,357	4,394,926	3,226,221	2,646,279	2,583,097	2,353,988	2,009,270
Student Transportation Services	335,932	312,460	238,274	153,100	146,869	127,208	190,060	159,872	195,592	156,337
Operating Grants and Contributions:										
Food Services	15,149,055	16,861,818	17,528,387	18,524,571	19,095,554	20,831,097	23,120,564	25,323,451	25,895,664	25,693,570
Student Transportation Services	10,517,358	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions:										
Facility Services	5,853,001	8,051,663	302,732	292,553	450,199	539,517	727,911	1,273,724	1,365,151	1,232,080
Maintenance of Plant	814,191	2,298,626	-	-	-	-	824,100	917,392	1,378,965	914,171
Unallocated Interest on Long-term Debt	1,246,755	1,253,179	1,268,967	1,285,599	1,273,182	1,266,075	898,176	481,012	445,954	440,816
Total Functions/Program Expense	43,664,040	37,756,442	31,601,626	30,235,639	32,001,591	32,438,667	35,648,758	37,996,401	39,591,045	37,659,602
Net Expense	346,221,369	358,684,759	379,755,979	344,125,672	333,332,431	335,916,438	353,115,325	358,258,730	383,060,119	397,141,758
General Revenues:										
Property Taxes Levied for:										
Operational Purposes	124,589,357	116,423,617	104,543,105	99,086,319	91,929,027	86,908,625	89,283,913	106,567,311	107,214,742	107,111,618
Capital Projects	38,043,765	29,293,207	26,226,951	23,954,343	22,351,178	22,325,029	23,097,597	23,979,076	25,125,064	26,507,997
Local Sales Taxes	19,414,830	9,238,526	-	-	-	-	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	179,696,112	205,886,975	223,978,645	196,381,947	204,350,332	222,724,894	232,050,823	239,340,767	243,054,631	254,121,661
Unrestricted Investment Earnings	(328,594)	2,356,932	1,398,387	968,085	984,783	322,748	254,671	403,219	678,134	998,125
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
Miscellaneous	8,223,630	5,162,516	8,731,391	6,190,912	6,463,438	5,402,788	6,127,797	6,678,133	5,991,461	6,329,627
Total Revenues	369,639,100	368,361,773	364,878,479	326,581,606	326,078,758	337,684,084	350,814,801	376,968,506	382,064,032	395,069,028
Change in Net Position	\$ 23,417,731	\$ 9,677,014	\$ (14,877,500)	\$ (17,544,066)	\$ (7,253,673)	\$ 1,767,646	\$ (2,300,524)	\$ 18,709,776	\$ (996,087)	\$ (2,072,730)

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Source: Marion County District School Board, Finance Department Records

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

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

Table 3

	Fiscal Year Ending June 30:									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Federal Direct	\$ 1,069,180	\$ 1,609,243	\$ 2,379,764	\$ 2,072,312	\$ 2,148,187	\$ 1,942,361	\$ 1,728,450	\$ 1,619,918	\$ 1,695,939	\$ 1,935,630
Federal Through State and Local	44,295,565	69,840,822	80,060,063	53,587,286	50,650,606	51,211,480	58,177,326	60,105,303	59,417,244	62,274,217
State	167,097,534	160,672,169	162,937,531	160,825,072	172,104,392	192,098,173	197,617,736	205,444,106	210,760,097	217,584,733
Local	200,575,559	173,858,286	149,607,597	141,567,810	133,017,132	124,723,947	128,796,860	147,665,723	149,667,704	150,743,259
Total Revenues	413,037,838	405,980,520	394,984,955	358,052,480	357,920,317	369,975,961	386,320,372	414,835,050	421,540,984	432,537,839
Expenditures										
Current - Education:										
Instruction	192,555,029	202,978,125	208,115,441	193,742,555	190,865,971	188,985,303	200,451,377	211,215,617	218,901,901	224,983,150
Student Personnel Services	22,985,235	23,930,121	23,881,248	22,044,740	22,230,371	23,014,906	23,516,829	27,396,622	27,983,666	29,544,224
Instructional Media Services	4,797,188	4,814,832	4,967,925	4,295,754	4,070,111	3,641,443	3,783,824	5,044,413	4,938,520	4,162,027
Instruction and Curriculum Development	7,101,176	6,847,503	7,689,989	7,024,155	6,248,797	5,570,332	5,693,019	5,731,587	5,694,710	5,992,125
Instructional Staff Training Services	6,770,652	7,960,268	8,977,471	7,850,706	7,137,393	7,135,820	7,906,553	9,160,984	8,894,799	7,441,654
Instruction Related Technology (a)	2,249,285	2,645,417	2,763,705	2,241,295	2,082,139	2,141,157	2,484,038	2,684,933	2,609,382	2,727,366
Board of Education	600,024	562,013	639,789	599,619	601,336	627,489	583,585	695,662	680,803	766,962
General Administration	2,047,677	3,186,466	3,251,400	2,219,000	2,342,176	2,291,020	2,714,189	2,909,358	3,221,316	2,979,108
School Administration	17,603,349	18,017,619	18,454,258	16,527,237	16,969,889	16,935,587	17,196,999	18,847,423	19,373,799	20,294,615
Facility Services	574,478	18,438	8,439,024	6,425,156	733,226	2,597,831	792,509	725,667	984,702	766,708
Fiscal Services	2,450,046	2,614,061	2,700,701	2,489,566	2,504,775	2,423,416	2,603,285	2,810,974	2,886,882	3,190,641
Food Services	19,581,193	19,824,364	20,048,272	21,418,705	22,125,473	22,381,865	24,787,895	26,928,146	27,304,381	28,176,095
Central Services	4,100,340	4,065,784	4,140,917	3,800,660	3,639,891	3,919,053	4,363,118	4,105,026	4,266,224	4,514,340
Student Transportation Services	20,477,342	19,675,741	20,052,193	18,901,755	18,496,270	19,526,977	19,701,949	19,463,264	20,275,772	20,866,047
Operation of Plant	27,042,358	26,591,041	26,573,504	22,888,806	22,316,850	23,531,438	23,679,291	23,277,751	22,915,330	24,201,971
Maintenance of Plant	10,372,930	9,180,879	9,702,580	8,956,293	8,489,604	8,684,861	9,340,531	9,333,033	9,394,718	9,569,186
Administrative Technology Services (a)	3,959,590	4,167,870	4,297,042	3,853,533	4,723,110	3,971,669	5,132,497	4,897,878	4,854,618	4,822,408
Community Services	3,560,481	3,870,685	4,170,742	3,804,867	3,741,872	4,384,158	4,608,861	4,644,010	4,648,267	5,088,335
Capital Outlay:										
Facilities Acquisition and										
Construction	65,010,879	50,084,138	37,103,268	13,410,419	24,002,370	4,554,498	5,635,924	6,596,918	6,593,742	6,740,055
Other Capital Outlay	1,845,579	1,842,850	1,648,151	1,636,109	1,410,753	2,483,145	7,688,250	5,384,987	4,977,042	8,528,084
Debt Service:										
Principal	9,452,526	10,132,414	10,367,792	10,275,000	10,145,000	10,479,000	11,065,000	11,915,500	12,228,000	12,531,000
Interest and Fiscal Charges	8,149,354	7,382,505	7,150,589	6,992,311	5,906,887	5,567,168	4,300,873	3,505,439	3,544,310	3,137,518
Dues, Fees and Issuance Costs	14,895	377,219	19,700	75,916	70,035	215,027	134,022	424,808	19,271	16,824
Total Expenditures	433,301,606	430,770,353	435,155,701	381,474,157	380,854,299	365,063,163	388,164,418	407,700,000	417,192,155	431,040,443
Excess (Deficiency) of Revenues Over Expenditures	(20,263,768)	(24,789,833)	(40,170,746)	(23,421,677)	(22,933,982)	4,912,798	(1,844,046)	7,135,050	4,348,829	1,497,396

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

Table 3

	Fiscal Year Ending June 30:									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Certificates of Participation Issued	\$ -	\$ 21,420,000	\$ -	\$ -	\$ -	\$ 37,380,000	\$ -	\$ 32,860,000	\$ -	\$ -
Loans Incurred	-	-	-	-	-	-	4,946,000	-	-	-
Bonds Issued	-	520,000	180,000	25,845,000	-	3,620,500	7,371,000	-	-	-
Premium on Debt	-	52,193	27,740	300,397	-	137,879	35,955	4,327,462	-	-
Discount on Debt Issued	-	(12,828)	-	-	-	-	-	-	-	-
Payments to Refunded Debt Escrow Agent	-	(21,606,898)	(208,420)	(24,875,279)	(1,158,933)	(39,919,642)	(8,349,299)	(36,775,929)	-	-
Proceeds from Sale of Capital Assets	3,600	96,680	-	-	-	-	-	-	-	-
Insurance Loss Recoveries	88,623	9,318	23,977	108,500	58,443	108,571	74,416	81,895	50,296	131,221
Transfers In	24,759,695	23,332,714	23,069,632	21,754,970	20,844,390	21,603,700	20,860,316	20,654,704	20,988,281	20,713,572
Transfers Out	(24,759,695)	(23,332,714)	(23,069,632)	(21,754,970)	(20,844,390)	(21,603,700)	(20,860,316)	(20,654,704)	(20,988,281)	(20,713,572)
Total Other Financing Sources (Uses)	<u>92,223</u>	<u>478,465</u>	<u>23,297</u>	<u>1,378,618</u>	<u>(1,100,490)</u>	<u>1,327,308</u>	<u>4,078,072</u>	<u>493,428</u>	<u>50,296</u>	<u>131,221</u>
Net Change in Fund Balances	<u>(20,171,545)</u>	<u>(24,311,368)</u>	<u>(40,147,449)</u>	<u>(22,043,059)</u>	<u>(24,034,472)</u>	<u>6,240,106</u>	<u>2,234,026</u>	<u>7,628,478</u>	<u>4,399,125</u>	<u>1,628,617</u>
Fund Balances - Beginning	<u>185,360,434</u>	<u>165,188,889</u>	<u>140,877,521</u>	<u>100,730,072</u>	<u>78,687,013</u>	<u>54,652,541</u>	<u>60,892,647</u>	<u>63,126,673</u>	<u>70,755,151</u>	<u>75,154,276</u>
Fund Balances - Ending	<u><u>165,188,889</u></u>	<u><u>140,877,521</u></u>	<u><u>100,730,072</u></u>	<u><u>78,687,013</u></u>	<u><u>54,652,541</u></u>	<u><u>60,892,647</u></u>	<u><u>63,126,673</u></u>	<u><u>70,755,151</u></u>	<u><u>75,154,276</u></u>	<u><u>76,782,893</u></u>
Debt Service as a Percentage of Noncapital Expenditures	4.80%	4.62%	4.42%	4.71%	4.52%	4.48%	4.10%	3.90%	3.89%	3.77%

Source: Marion County District School Board, Finance Department Records

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

Table 4

	Fiscal Year Ending June 30:									
	2009(a)	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ 2,249,011	\$ 3,410,988	\$ 2,364,515	\$ 2,258,504	\$ 2,262,561	\$ 2,644,114	\$ 2,423,202	\$ 3,158,561	\$ 2,297,751	\$ 4,209,538
Spendable:										
Restricted	7,540,364	2,317,781	1,615,396	2,240,303	3,007,480	4,422,676	3,745,725	8,423,116	12,015,801	15,044,294
Assigned	330,685	16,573,438	12,723,576	4,843,480	-	7,547,747	5,977,547	11,347,442	11,880,177	13,122,249
Unassigned	22,226,646	8,970,560	10,206,082	9,250,956	11,241,171	11,469,003	17,996,211	15,425,636	15,956,637	15,755,436
Total General Fund	\$ 32,346,706	\$ 31,272,767	\$ 26,909,569	\$ 18,593,243	\$ 16,511,212	\$ 26,083,540	\$ 30,142,685	\$ 38,354,755	\$ 42,150,366	\$ 48,131,517
All Other Government Funds										
Nonspendable	\$ 509,359	\$ 541,201	\$ 850,502	\$ 822,146	\$ 761,754	\$ 1,439,665	\$ 828,337	\$ 895,462	\$ 1,046,420	\$ 710,755
Spendable:										
Restricted	132,357,583	109,087,802	73,026,310	59,332,102	37,432,904	33,384,745	32,155,651	31,519,483	31,957,490	27,943,836
Unassigned (b)	(24,759)	(24,249)	(56,309)	(60,478)	(53,329)	(15,303)	-	(14,549)	-	(3,215)
Total All Other Governmental Funds	\$ 132,842,183	\$ 109,604,754	\$ 73,820,503	\$ 60,093,770	\$ 38,141,329	\$ 34,809,107	\$ 32,983,988	\$ 32,400,396	\$ 33,003,910	\$ 28,651,376
Combined Governmental Funds	\$ 165,188,889	\$ 140,877,521	\$ 100,730,072	\$ 78,687,013	\$ 54,652,541	\$ 60,892,647	\$ 63,126,673	\$ 70,755,151	\$ 75,154,276	\$ 76,782,893

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

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

Source: Marion County District School Board, Finance Department Records

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

Table 5

Fiscal Year Ending June 30,	Property Taxes		Sales Surtax (a)	Impact Fees (b)	Total
	Operational Purposes	Capital Projects			
2009	\$ 124,589,357	\$ 38,043,765	\$ 19,414,830	\$ 2,484,914	\$ 184,532,866
2010	114,728,839	28,787,837	9,238,526	740,445	153,495,647
2011	104,543,105	26,226,951	-	958,161	131,728,217
2012	99,086,319	23,954,343	-	220,642	123,261,304
2013	91,929,027	22,351,178	-	57,874	114,338,079
2014	86,908,625	22,325,029	-	26,953	109,260,607
2015	89,283,913	23,097,598	-	20,790	112,402,301
2016	106,567,312	23,979,076	-	3,967	130,550,355
2017	107,214,742	25,125,064	-	14,417	132,354,223
2018	107,111,618	26,507,997	-	7,934	133,627,549

(a) A half-cent sales surtax was voted in by the citizens of Marion County effective January 1, 2005, for a period of five years.

(b) In response to the growing population and new home sales in Marion County, the Marion County Board of County Commissioners approved an impact fee on new home sales to begin on October 1, 2006, to aid funding for new schools. Due to a downturn in the local housing market, impact fees significantly declined in 2010. In 2011, the School Board suspended the collection of the fees.

Source: Marion County District School Board, Finance Department Records

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

Table 6

Fiscal Year Ending June 30,	Real Property	Tangible Property	Railroad Property	Less: Tax-Exempt Property	Total Taxable Assessed Value (a)	Total Direct Tax Rate
2009	\$ 36,172,335,899	\$ 1,608,354,450	\$ 15,007,701	\$ 15,472,964,184	\$ 22,322,733,866	7.498
2010	31,005,053,635	1,547,921,757	15,121,409	12,592,151,804	19,975,944,997	7.478
2011	27,141,206,875	1,424,892,450	13,690,221	10,703,365,015	17,876,424,531	7.487
2012	24,124,431,238	1,372,246,797	15,044,813	9,006,785,016	16,504,937,832	7.708
2013	21,713,674,702	1,325,660,677	18,381,187	7,642,130,994	15,415,585,572	7.671
2014	21,662,690,013	1,365,147,480	19,153,005	7,689,024,236	15,357,966,262	7.339
2015	22,545,666,860	1,421,016,339	20,017,720	8,095,173,721	15,891,527,198	7.298
2016	22,946,649,486	1,515,661,515	20,342,991	7,952,550,884	16,530,103,108	8.172
2017	24,484,911,443	1,516,452,408	21,820,066	8,770,140,613	17,253,043,304	7.902
2018	25,621,844,589	1,619,744,735	22,705,975	9,030,530,606	18,233,764,693	7.560

(a) Assessed values are as of January 1.

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

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

Table 7

	Fiscal Year Ending June 30:									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Direct										
Marion County District School Board										
General Fund (Required Local Effort)	5.0530	5.2300	5.2390	5.4600	5.4230	5.0910	5.0500	4.9240	4.6540	4.3120
General Fund (Discretionary)	0.6950	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480	0.7480
Capital Projects Fund	1.7500	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Additional Voted Millage	-	-	-	-	-	-	-	1.0000	1.0000	1.0000
Total School Board	<u>7.4980</u>	<u>7.4780</u>	<u>7.4870</u>	<u>7.7080</u>	<u>7.6710</u>	<u>7.3390</u>	<u>7.2980</u>	<u>8.1720</u>	<u>7.9020</u>	<u>7.5600</u>
Overlapping										
Board of County Commissioners										
General Fund	3.1300	3.1300	3.1900	3.1900	3.1900	3.1900	3.1900	3.1900	3.1900	3.3300
Fine and Forfeiture Fund	0.5600	0.5600	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300	0.5300
Parks and Land Acquisition Debt Service Fund	0.0800	0.0900	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600	0.0500	0.0400
Marion County Health Department Fund	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Total General County	<u>3.8900</u>	<u>3.9000</u>	<u>3.8900</u>	<u>3.8900</u>	<u>3.8900</u>	<u>3.9000</u>	<u>3.9000</u>	<u>3.9000</u>	<u>3.8900</u>	<u>4.0200</u>
Total County-Wide	<u>11.3880</u>	<u>11.3780</u>	<u>11.3770</u>	<u>11.5980</u>	<u>11.5610</u>	<u>11.2390</u>	<u>11.1980</u>	<u>12.0720</u>	<u>11.7920</u>	<u>11.5800</u>
Special Districts										
Rainbow Lakes Estates MSD (b)	1.5600	2.0000	2.0000	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500
Rainbow Lakes Estates MSTU (c)	0.3000	0.3400	0.3400	0.3800	0.4700	0.4700	0.4700	0.4700	0.4700	0.4700
Marion Oaks MSTU For Fire Protection (c)	1.0200	1.0200	1.0200	1.0200	1.0200	1.0200	1.0200	1.0200	1.0200	1.0200
MSTU for Law Enforcement (c)	2.0300	2.3300	2.8100	2.8100	2.8100	3.2100	3.4700	3.4700	3.4700	3.4700
MSTU for EMS (c)	0.8300	0.8300	0.8300	0.7700	0.7700	0.7700	0.7700	0.7700	0.7700	0.7700
MSTU for EMT (c)	-	-	-	-	-	-	-	-	-	-
Silver Springs Shores Special Tax District	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Hills of Ocala MSTU for Recreation (c)	0.1400	0.1400	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800
Southwest Florida Water Management District	0.6174	0.6174	0.6078	0.3928	0.3928	0.3818	0.3658	0.3488	0.3317	0.3131
St. Johns River Water Management District	0.4158	0.4158	0.4158	0.3313	0.3313	0.3283	0.3164	0.3023	0.2885	0.2724
Municipalities										
Ocala	4.5288	4.9664	5.6183	5.9332	6.1502	6.2502	6.1638	6.6177	6.6177	6.6177
Ocala (Downtown Development District "A")	1.3726	1.3967	1.5647	1.5862	1.6461	1.5967	1.4966	1.4966	1.7185	1.7185
Ocala (Downtown Development District "B")	1.1566	1.2163	1.5508	1.6191	1.6542	1.7013	1.6332	1.6332	1.6332	1.6332
Ocala (Downtown Development District "C")	0.9493	1.0062	1.1347	1.1772	1.2332	1.2810	1.2825	1.2825	1.5091	1.5091
Bellevue	2.8905	2.9544	3.3472	3.9912	3.9912	3.9912	3.9912	4.5000	4.5000	5.0000
Dunnellon	5.2266	6.4469	6.9101	7.1408	6.8013	7.1408	7.5000	7.5000	7.5000	6.5000
McIntosh	1.8050	1.9670	2.1344	2.2988	2.5546	2.5198	2.4087	2.3175	2.2078	2.2078

- (a) Rates are stated per \$1,000 of assessed value. Rates were adopted after June 30 for all years presented. Collections on the related tax levy occur in the succeeding fiscal year.
- (b) MSD is an abbreviation for municipal service district.
- (c) MSTU is an abbreviation for municipal service taxing unit.

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

Table 8

Fiscal Year Ending June 30,	Direct	Overlapping	
	Marion County School Board Discretionary Sales Surtax (a)	Marion County Board of County Commissioner (c)	State of Florida Sales Tax (b)
2009	0.5%		6.0%
2010	0.5%		6.0%
2011	-		6.0%
2012	-		6.0%
2013	-		6.0%
2014	-		6.0%
2015	-		6.0%
2016	-		6.0%
2017	-	1.0%	6.0%
2018	-	1.0%	6.0%

- (a) The Marion County School Board discretionary sales tax rate of one half cent was voted in by the citizens of Marion County in November 2004, to be in effect for five years, commencing on January 1, 2005. The surtax had a designated purpose to construct certain school facilities in the county. The surtax expired on December 31, 2009.
- (b) The State of Florida sales tax rate is set as mandated by Florida State Statute to be six cents per one Source: Florida Department of Revenue - <http://dor.myflorida.com/dor/taxes/discretionary.html>
- (c) The Marion County Board of County Commissioner tax commenced January 1, 2017 and expires December 31, 2020.
Source: Florida Department of Revenue - <http://floridarevenue.com>

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

Table 9

	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Taxpayer						
Duke Energy (Progress Energy)	\$ 232,605,309	1	1.28%	\$ 117,654,313	2	0.53%
Marion County Hospital District	141,197,130	2	0.77%			
Sumter Electric Cooperative, Inc.	121,793,060	3	0.67%	95,444,072	3	0.43%
FedEx Ground Package System Inc	92,189,427	4	0.51%			
Wal Mart	73,374,468	5	0.40%	81,649,342	4	0.37%
Marion Community Hospital	67,301,113	6	0.37%	52,578,178	8	0.24%
Embarq (formerly Sprint-Florida, Inc.)	55,953,387	7	0.31%	164,943,419	1	0.74%
K-Mart	50,371,109	8	0.28%	62,170,444	7	0.28%
Paddock Mall LLC.	45,347,030	9	0.25%	37,524,362	10	0.17%
Northland Heathbrook LLC.	44,275,730	10	0.24%			
On Top of the World			0.00%	72,503,521	5	0.32%
Deltona Corp			0.00%	68,670,400	6	0.31%
Closetmaid Corporation			0.00%	39,760,440	9	0.18%
Total Principal Taxpayers	<u>924,407,763</u>		<u>5.07%</u>	<u>792,898,491</u>		<u>3.55%</u>
All Other Taxpayers	<u>17,309,356,930</u>		<u>94.93%</u>	<u>21,554,483,690</u>		<u>96.45%</u>
Total Taxable Valuation	<u><u>\$ 18,233,764,693</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 22,347,382,181</u></u>		<u><u>100.00%</u></u>

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

Table 10

Fiscal Year Ending June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (a)	Percentage of Levy		Amount (a)	Percentage of Levy
2009	\$ 168,776,671	\$ 158,593,292	93.97%	\$ 4,039,831	\$ 162,633,123	96.36%
2010	150,217,728	143,516,676	95.54%	2,200,148	145,716,824	97.00%
2011	134,903,407	129,266,064	95.82%	1,503,993	130,770,057	96.94%
2012	127,785,556	122,361,191	95.76%	679,471	123,040,662	96.29%
2013	118,252,957	113,380,571	95.88%	899,634	114,280,205	96.64%
2014	112,712,184	108,509,196	96.27%	724,458	109,233,654	96.91%
2015	115,976,561	111,543,948	96.18%	646,105	112,190,053	96.74%
2016	135,084,154	129,816,507	96.10%	729,881	130,546,388	96.64%
2017	136,333,724	131,319,706	96.32%	1,020,100	132,339,806	97.07%
2018	137,847,456	132,792,498	96.33%	827,117	133,619,615	96.93%

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

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

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

Table 11

Fiscal Year Ending June 30,	Bonds Payable	Certificates of Participation	Note Payable	Capital Lease	Deferred Amounts	Total	Total Debt Per Capita (a)	Total Debt as a Percentage of Personal Income (b)
2009	\$ 11,585,000	\$ 156,525,000	\$ -	\$ 950,205	\$ 3,078,687	\$ 172,138,892	\$ 521	1.75%
2010	10,615,000	148,445,000	-	482,792	593,898	160,136,690	483	1.57%
2011	9,590,000	139,570,000	-	-	586,144	149,746,144	451	1.47%
2012	9,425,000	131,360,000	-	-	2,098,067	142,883,067	426	1.38%
2013	7,185,000	122,335,000	-	-	1,965,489	131,485,489	391	1.21%
2014	6,966,500	115,075,000	-	-	196,175	122,237,675	360	1.03%
2015	5,057,500	105,135,000	4,946,000	-	1,784,586	116,923,086	342	1.01%
2016	4,584,000	93,700,000	3,949,000	-	4,290,577	106,523,577	312	0.96%
2017	4,116,000	82,905,000	2,984,000	-	3,877,967	93,882,967	272	0.81%
2018	3,634,000	71,835,000	2,005,000	-	3,465,357	80,939,357	232	0.67%

(a) See Table 12 for Population.

(b) See Table 16 for Personal Income.

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

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

Table 12

Fiscal Year Ending June 30,	Population (a)	Assessed Value (b)	Bonds Payable	Certificates of Participation	Deferred Amounts	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Net Bonded Debt as a Percentage of Personal Income (c)
2009	330,440	\$ 22,322,733,866	\$ 11,585,000	\$ 156,525,000	\$ 3,078,687	\$ 171,188,687	\$ 571,608	\$ 170,617,079	0.76%	\$ 516.33	1.74%
2010	331,800	19,975,944,997	10,615,000	148,445,000	593,898	159,653,898	554,960	159,098,938	0.80%	479.50	1.56%
2011	332,387	17,876,424,531	9,590,000	139,570,000	586,144	149,746,144	525,621	149,220,523	0.83%	448.94	1.46%
2012	335,697	16,504,937,832	9,425,000	131,360,000	2,098,067	142,883,067	1,102,538	141,780,529	0.86%	422.35	1.37%
2013	336,659	15,415,585,572	7,185,000	122,335,000	1,965,489	131,485,489	-	131,485,489	0.85%	390.56	1.21%
2014	340,018	15,357,966,262	6,966,500	115,075,000	196,175	122,237,675	1,116,930	121,120,745	0.79%	356.22	1.02%
2015	341,591	15,891,527,198	5,057,500	105,135,000	1,784,586	111,977,086	131,035	111,846,051	0.70%	327.43	0.96%
2016	341,205	16,530,103,108	4,584,000	93,700,000	4,290,577	102,574,577	202,753	102,371,824	0.62%	300.03	0.93%
2017	345,749	17,253,043,304	4,116,000	82,905,000	3,877,967	90,898,967	243,089	90,655,878	0.53%	262.20	0.78%
2018	349,267	18,233,764,693	3,634,000	71,835,000	3,465,357	78,934,357	307,891	78,626,466	0.43%	225.12	0.65%

(a) Population is as of December 31 of the previous calendar year.

(b) Assessed values are as of January 1 for all years presented. Collections on the related tax levies occur in the succeeding fiscal year.

(c) See Table 16 for Personal Income.

Sources:

Florida Office of Economic and Demographic Research, Demographic Estimating Conference, February 2014- <http://www.edr.state.fl.us/content/population-demographics/data/county population>

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

Marion County District School Board, Finance Department Records

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

Table 13

	Fiscal Year Ending June 30:									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value (a)	<u>\$ 22,322,733,866</u>	<u>\$ 19,975,944,997</u>	<u>\$ 17,876,424,531</u>	<u>\$ 16,504,937,832</u>	<u>\$ 15,415,585,572</u>	<u>\$ 15,357,966,262</u>	<u>\$ 15,891,527,198</u>	<u>\$ 16,530,103,108</u>	<u>\$ 17,253,043,304</u>	<u>\$ 18,233,764,693</u>
Debt Limit on Assessed Value (b)	<u>\$ 22,322,733,866</u>	<u>\$ 19,975,944,997</u>	<u>\$ 17,876,424,531</u>	<u>\$ 16,504,937,832</u>	<u>\$ 15,415,585,572</u>	<u>\$ 15,357,966,262</u>	<u>\$ 15,891,527,198</u>	<u>\$ 16,530,103,108</u>	<u>\$ 17,253,043,304</u>	<u>\$ 18,233,764,693</u>
Amount of Debt Applicable to Debt Limit:										
Bonds Payable (c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Amount Available for Debt Service	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable to the Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 22,322,733,866</u>	<u>\$ 19,975,944,997</u>	<u>\$ 17,876,424,531</u>	<u>\$ 16,504,937,832</u>	<u>\$ 15,415,585,572</u>	<u>\$ 15,357,966,262</u>	<u>\$ 15,891,527,198</u>	<u>\$ 16,530,103,108</u>	<u>\$ 17,253,043,304</u>	<u>\$ 18,233,764,693</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

Table 14

Fiscal Year Ending June 30,	Taxable Assessed Value (a)	Annual Lease Payment	Millage Levy Required (b)
2009	\$ 22,322,734	\$ 15,615,721	0.74
2010	19,975,945	15,524,129	0.82
2011	17,876,425	15,508,904	0.91
2012	16,504,938	15,572,720	0.98
2013	15,415,586	14,543,870	0.98
2014	15,357,966	14,424,705	0.98
2015	15,891,527	14,251,527	0.93
2016	16,530,103	12,526,916	0.79
2017	17,253,043	14,092,738	0.85
2018	18,233,765	13,997,052	0.80

(a) In thousands as of January 1.

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

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

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

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

Table 15

Fiscal Year Ending June 30,	District Revenue Bonds						Coverage
	Pari-Mutuel Revenues	Miscellaneous Revenue	Debt Service		Other Dues & Fees		
			Principal	Interest			
2009	\$ 223,250	\$ 4,071	\$ 70,000	\$ 146,850	\$ 539	1.05	
2010	223,250	1,009	75,000	143,913	539	1.02	
2011	223,250	1,299	80,000	140,725	539	1.01	
2012	223,250	1,398	80,000	137,375	539	1.03	
2013	223,250	1,379	85,000	133,805	539	1.02	
2014 (a)	223,250	776	94,000	104,207	350	1.13	
2015	223,250	1,417	109,000	93,748	350	1.11	
2016	223,250	1,073	108,500	90,251	350	1.13	
2017	223,250	1,075	113,000	86,285	350	1.12	
2018	223,250	964	117,000	82,076	350	1.12	

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

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

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

Table 16

Fiscal Year Ending June 30,	Population (a)	Personal Income (b) <i>(in thousands)</i>	Per Capita Personal Income	Unemployment Rate (c)		
				Marion County	Florida	United States
2009	330,440	\$ 9,827,058	\$ 29,739	12.6%	10.8%	9.7%
2010	331,800	10,215,839	30,789	13.9%	11.6%	9.6%
2011	332,387	10,216,751	30,738	12.6%	11.1%	9.3%
2012	335,697	10,351,583	30,836	10.5%	9.3%	8.2%
2013	336,659	10,876,674	32,308	7.8%	7.0%	7.6%
2014	340,018	11,920,530	35,059	7.8%	6.7%	6.1%
2015	346,964	11,617,618	33,484	6.6%	5.6%	5.3%
2016	341,205	11,047,141	32,377	5.8%	4.7%	4.9%
2017	345,749	11,601,952	33,556	4.8%	4.1%	4.4%
2018	349,267	12,133,659	34,740	4.5%	3.7%	4.1%

- (a) Population is as of December 31 of the previous calendar year.
- (b) The personal income and per capita is as of 2017 (the most recent year available) with projections for 2018.
- (c) The unemployment rates are as of June.

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

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

Table 17

Employer	2018			2009		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Marion County Public Schools	6,650	1	5.18%	6,084	1	4.99%
Munroe Regional Medical Center	2,648	2	2.06%	2,500	2	2.05%
State of Florida (all departments)	2,600	3	2.03%	2,500	2	2.05%
Wal-Mart (Combined)	2,370	4	1.85%	2,370	3	1.94%
Ocala Regional Medical Center & West Marion Community Hospital	2,166	5	1.69%	1,301	6	1.07%
Publix Supermarkets (combined)	1,488	6	1.16%	1,404	4	1.15%
Marion County Board of County Com.	1,368	7	1.07%	1,400	5	1.15%
Lockheed Martin	1,200	8	0.93%			
AT&T	1,000	9	0.78%	1,000	8	0.82%
City of Ocala (all departments)	989	10	0.77%	979	9	0.80%
Taylor, Bean & Whitaker Mortgage Corporation				1,238	7	1.02%
Marion County Sheriff's Office				885	10	0.73%
Totals	22,479		17.52%	21,661		17.77%
All Others	105,891		82.49%	100,264		82.23%
Total Employment	128,370		100.00%	121,925		100%

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

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

Table 18

	Fiscal Year Ending June 30:									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instructors	2,863	2,891	2,961	2,852	2,811	2,734	2,749	2,947	2,903	2,894
Administrators	173	174	171	165	165	169	173	188	200	206
Non-Instructional	1,123	1,057	1,020	1,004	965	1,028	1,099	1,131	1,128	1,120
Educational Support	1,717	1,753	1,761	1,674	1,684	1,673	1,690	1,794	1,816	1,794
Total Full Time Employees	5,876	5,875	5,913	5,695	5,625	5,604	5,711	6,060	6,047	6,014

Source: Marion County District School Board, Payroll Department records

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

Table 19

Fiscal Year Ending June 30,	Number of Schools	Expenditures (a) (e)	Student Membership (b)	Cost Per Student	Percentage Change	Total All Employees	Teaching Staff	Student/ Teacher Ratio	Student Attendance Percentage (c)	Unweighted FTE (d)	Ratio of FTE to Instructors	Ratio of FTE to All Employees
2009	48	\$ 350,240,755	41,498	\$ 8,440	n/a	5,876	2,863	14.5	95.41%	41,792	14.60	7.11
2010	49	362,794,059	41,173	8,811	4.40%	5,875	2,891	14.2	95.41%	41,659	14.41	7.09
2011	49	331,924,409	41,331	8,031	-8.86%	5,913	2,961	14.0	93.33%	41,500	14.02	7.02
2012	49	310,639,993	41,415	7,501	-6.60%	5,695	2,852	14.5	93.39%	41,689	14.62	7.32
2013	49	308,758,317	41,589	7,424	-1.02%	5,625	2,811	14.8	93.34%	41,544	14.78	7.39
2014	49	313,829,453	41,632	7,538	1.54%	5,604	2,734	15.2	92.99%	41,407	15.15	7.39
2015	49	329,666,943	42,194	7,813	3.65%	5,711	2,749	15.3	93.33%	41,756	15.19	7.31
2016	49	352,048,821	42,474	8,289	6.09%	6,060	2,947	14.4	93.62%	42,192	14.32	6.96
2017	49	361,711,365	42,893	8,433	1.74%	6,047	2,903	14.8	93.34%	42,260	14.56	6.99
2018	49	368,310,853	42,881	8,589	1.85%	6,014	2,894	14.8	92.90%	42,808	14.79	7.12

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

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

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

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

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

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

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

Table 20

	Fiscal Year Ending June 30:									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Days Meals Were Served	180	180	180	180	180	180	180	180	180	180
Average Number of Free and Reduced Meals Served Daily	33,590	36,106	38,045	39,489	38,901	37,858	40,633	42,957	43,336	42,748
Number of Free and Reduced Meals Served	6,046,250	6,499,156	6,848,032	7,108,030	7,002,247	6,814,409	7,314,008	7,732,274	7,800,545	7,694,557
Average Daily Subsidy	\$ 78,690	\$ 87,589	\$ 90,968	\$ 95,717	\$ 99,581	\$ 107,516	\$ 119,137	\$ 128,714	\$ 134,018	\$ 132,461
Total Subsidy Received	\$ 14,164,256	\$ 15,765,930	\$ 16,374,206	\$ 17,229,038	\$ 17,924,530	\$ 19,352,795	\$ 21,444,731	\$ 23,168,602	\$ 24,123,199	\$ 23,842,990
Average Number of Meals Served Daily	45,203	45,808	47,869	48,868	47,342	49,658	50,407	46,282	46,968	45,522
Number of Meals Served	8,136,563	8,245,488	8,616,330	8,796,166	8,521,536	8,938,373	9,073,235	8,330,782	8,454,244	8,194,017
Percentage of Free and Reduced Meals Served to Total Meals Served	74%	79%	79%	81%	82%	76%	81%	93%	92%	94%
Average Daily Sales	\$ 114,594	\$ 121,164	\$ 123,899	\$ 128,579	\$ 130,665	\$ 133,740	\$ 143,356	\$ 155,188	\$ 157,171	\$ 154,298
Total Revenue	\$ 20,626,922	\$ 21,809,462	\$ 22,301,828	\$ 23,144,141	\$ 23,519,665	\$ 24,073,189	\$ 25,804,156	\$ 27,933,893	\$ 28,290,738	\$ 27,773,703
Average Daily Costs	\$ 109,885	\$ 112,828	\$ 113,623	\$ 124,341	\$ 125,570	\$ 135,218	\$ 148,114	\$ 154,023	\$ 154,894	\$ 161,523
Total Costs	\$ 19,779,218	\$ 20,309,079	\$ 20,452,132	\$ 22,381,392	\$ 22,602,560	\$ 24,339,287	\$ 26,660,543	\$ 27,724,111	\$ 27,880,978	\$ 29,074,135

Source: Marion County District School Board, Finance Department records

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

Table 21

	Year Acquired (a)	Square Footage (b)	Student Membership (c) Fiscal Year Ending June 30:									
			2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary Schools												
Anthony	1925	57,628	310	371	340	357	361	340	343	394	385	377
Belleview	1963	67,530	683	658	645	659	693	728	661	656	711	688
Belleview-Santos	1953	112,560	863	869	800	782	752	548	535	559	556	544
College Park	1993	124,473	711	713	713	753	744	761	776	826	852	832
Dr. NH Jones	1959	107,211	741	739	751	740	712	648	648	643	649	662
Dunnellon	1993	103,758	711	743	648	706	686	718	706	600	573	594
East Marion	1974	84,726	741	725	718	748	725	687	695	669	700	699
Eighth Street	1914	35,591	344	317	298	342	322	342	334	398	416	416
Emerald Shores	1988	89,976	704	647	590	611	671	653	647	592	524	602
Evergreen	1988	111,305	607	619	624	584	596	580	573	544	551	600
Fessenden	1953	65,757	489	476	472	489	506	490	503	491	474	465
Fort McCoy School (d)	1986	177,679	551	578	569	524	520	530	514	533	521	490
Greenway	1995	122,462	989	974	925	927	919	720	726	756	742	724
Hammett Bowen, Jr.	2004	95,679	901	951	776	805	781	776	746	792	853	845
Harbour View	1991	115,704	693	731	756	727	683	755	816	800	862	841
Horizon Academy at Marion Oaks (d)	1988	190,765	529	477	158	153	149	141	112	158	157	134
Legacy	2011	103,987	-	-	-	-	-	593	703	727	712	791
Madison Street	1949	56,624	459	454	459	459	452	417	397	432	448	448
Maplewood	1990	130,536	874	895	856	838	818	712	738	783	781	797
Marion Oaks	2010	129,446	-	-	679	804	766	784	844	888	887	898
Oakcrest	1952	113,941	587	654	706	728	716	753	784	777	673	614
Ocala Springs	1985	92,444	626	636	624	601	584	599	648	616	611	638
Reddick-Collier	1935	107,162	417	418	411	386	375	349	334	298	354	382
Romeo	1991	112,182	756	744	764	789	738	756	726	708	731	763
Saddlewood	1998	129,949	596	674	746	766	823	835	897	871	822	896
Shady Hill	1985	103,723	625	609	605	622	600	611	658	665	721	657
South Ocala	1955	102,767	612	588	616	664	703	668	711	664	681	665
Sparr	1964	53,327	365	388	404	359	343	359	357	348	377	347
Stanton-Weirsdale	1955	73,750	560	505	527	511	499	494	533	595	594	575
Sunrise	1987	114,540	950	899	752	679	741	742	822	888	808	846
Ward-Highlands	1959	104,006	842	799	777	796	771	772	855	851	865	880
Wyomina Park	1948	71,395	520	495	549	541	608	662	685	649	721	602
Total Elementary Schools			<u>19,356</u>	<u>19,346</u>	<u>19,258</u>	<u>19,450</u>	<u>19,357</u>	<u>19,523</u>	<u>20,027</u>	<u>20,171</u>	<u>20,312</u>	<u>20,312</u>
Middle Schools												
Belleview	1992	188,723	1,131	1,071	1,070	1,092	1,067	1,015	944	1,047	1,135	1,262
Dunnellon	1936	117,731	689	636	672	648	646	619	653	611	638	613
Fort King	1962	124,328	1,212	1,187	1,202	1,131	1,121	1,083	1,032	1,058	1,072	1,087
Fort McCoy School (d)	1986	177,679	543	513	521	514	494	493	483	471	500	516
Horizon Academy at Marion Oaks (d)	1988	190,765	704	708	722	642	673	675	662	617	680	656
Howard	1954	165,397	1,003	975	918	1,025	1,125	1,211	1,181	1,096	1,050	1,050
Lake Weir	1953	163,805	1,392	1,262	1,261	1,263	1,272	1,311	1,297	1,213	1,085	1,094
Liberty	2005	195,448	1,098	1,027	1,086	1,036	1,131	1,083	1,132	1,127	1,164	1,278
North Marion	1973	160,380	795	779	764	792	823	816	784	812	810	846
Osceola	1924	91,248	925	892	930	947	955	938	909	893	938	936
Total Middle Schools			<u>9,492</u>	<u>9,050</u>	<u>9,146</u>	<u>9,090</u>	<u>9,307</u>	<u>9,244</u>	<u>9,077</u>	<u>8,945</u>	<u>9,072</u>	<u>9,338</u>

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

Table 21

	Year Acquired (a)	Square Footage (b)	Student Membership (c) Fiscal Year Ending June 30:									
			2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
High Schools												
Belleview	1992	235,758	1,438	1,351	1,427	1,395	1,360	1,425	1,448	1,486	1,535	1,516
Dunnellon	1980	145,849	1,432	1,338	1,176	1,072	1,018	1,005	975	1,052	1,076	1,136
Forest	2001	302,822	2,372	2,233	2,091	2,012	2,014	1,964	1,984	2,066	2,057	2,110
Lake Weir	1974	236,533	1,611	1,556	1,503	1,523	1,555	1,557	1,562	1,474	1,482	1,455
Marion Technical Institute	1955	183,071	357	398	359	340	306	286	277	239	217	24
North Marion	1963	200,970	1,433	1,278	1,320	1,249	1,249	1,192	1,245	1,279	1,274	1,230
Vanguard	1969	201,774	1,573	1,558	1,666	1,687	1,596	1,616	1,571	1,607	1,627	1,644
West Port	1999	401,724	1,778	1,731	1,870	2,091	2,225	2,397	2,472	2,502	2,511	2,648
Total High Schools			11,994	11,443	11,412	11,369	11,323	11,442	11,534	11,705	11,779	11,763
Charter Schools												
Francis Marion Military Academy	n/a	n/a	46	100	149	167	150	134	94	104	175	156
Francis Marion Charter	n/a	n/a	-	-	-	-	-	-	76	112	103	138
McIntosh Charter	n/a	n/a	104	97	94	92	91	86	83	78	79	77
Marion Charter	n/a	n/a	179	182	181	167	157	187	185	202	204	213
Total Charter Schools			329	379	424	426	398	407	438	496	561	584
Special Programs												
ARC (Age 3) PK	n/a	n/a	32	34	35	37	37	40	36	37	32	25
Drop Back In Academy	n/a	n/a	-	-	-	-	168	102	128	144	147	
Hillcrest School	1971	50,214	159	154	154	154	164	176	168	170	177	186
Kingsbury Academy	n/a	n/a	214	188	198	188	182	165	185	159	138	169
Marion County Jail	n/a	n/a	17	11	16	17	14	15	25	21	21	19
Marion Youth Development Ctr.	n/a	n/a	37	22	38	40	35	36	42	39	42	45
MJDC	n/a	n/a	56	32	26	14	10	14	20	11	29	34
Pace Center for Girls	n/a	n/a	51	51	50	54	59	56	67	64	73	71
Pre-K Program ESE	n/a	n/a	122	148	161	149	117	103	101	99	88	40
Silver River Marine Institute	n/a	n/a	176	242	284	264	307	267	304	309	314	249
Student Services (Homebound)	n/a	n/a	68	27	93	119	86	21	27	83	83	29
Teen Parent/Comm. Ed	n/a	n/a	29	36	9	12	4	5	4	7	-	11
Teen Parent PK	n/a	n/a	17	10	27	32	21	16	11	14	25	6
Total Special Programs			978	955	1,091	1,080	1,204	1,016	1,118	1,157	1,169	884
Total District			42,149	41,173	41,331	41,415	41,589	41,632	42,194	42,474	42,893	42,881

(a) Year acquired is generally the land acquisition year.

(b) The square footage is for permanent buildings only and does not include relocatable units.

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

(d) Fort McCoy and Horizon Academy at Marion Oaks are both elementary and middle schools. The square footage is presented on both lines. The student enrollment is presented at each school individually.

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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH THE *GOVERNMENT AUDITING STANDARDS*
AND THE PROVISIONS OF THE UNIFORM GUIDANCE**

**DISTRICT SCHOOL BOARD OF MARION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster:				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	17002	\$ -	\$ 5,984,368
National School Lunch Program	10.555	17001, 17003	-	18,354,555
Summer Food Service Program for Children	10.559	16006, 16007, 17006, 17007	-	380,074
Total Child Nutrition Cluster			-	24,718,997
Student Financial Assistance Cluster:				
United States Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	17,100
Federal Pell Grant Program	84.063	N/A	-	1,373,735
Total Student Financial Assistance Cluster			-	1,390,835
Special Education Cluster:				
United States Department of Education:				
Florida Department of Education				
Special Education - Grants to States:	84.027	262, 263	64,498	11,203,865
Special Education - Preschool Grants	84.173	266, 267	6,894	408,797
Total Special Education Cluster			71,392	11,612,662
Non Clustered				
United States Department of Agriculture				
Florida Department of Health:				
Child and Adult Care Food Program	10.558	A-4502	-	154,074
Florida Department of Agriculture and Consumer Services:				
Fresh Fruit and Vegetable Program	10.582	17004	-	401,381
Florida Department of Financial Services:				
Schools and Roads - Grants to States	10.665	None	-	251,450
Total United States Department of Agriculture			-	806,905
United States Department of Defense				
Air Force Junior Reserve Officers Training Corps	12.UNK	N/A	-	248,992
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	228,579
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	-	67,224
Total United States Department of Defense			-	544,795
United States Department of Justice:				
University of South Carolina:				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	16-3027	-	155,844
United States Department of Education:				
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193	-	467,346
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	-	16,250,697
Migrant Education-State Grant Program	84.011	217	-	74,862
Career and Technical Education - Basic Grants to States	84.048	161	-	599,146
Education for Homeless Children and Youth	84.196	127	-	86,112
Twenty-First Century Community Learning Centers	84.287	244	-	1,680,613
English Language Acquisition State Grants	84.365	102	-	379,522
Mathematics and Science Partnerships	84.366	235	-	-
Supporting Effective Instruction State Grants	84.367	224	-	1,603,863
School Improvement Grants	84.377	126	-	514,929
Student Support and Academic Enrichment Program	84.424	241	-	188,171
Total United States Department of Education			-	21,845,261
United States Department of Health and Human Services:				
University of South Florida:				
Temporary Assistance for Needy Families	93.558	5830-1467-11-G	-	48,399
United States Department of Emergency Management:				
Division of Emergency Management:				
Hurricane Matthew	97.036	N/A	-	49,762
Hurricane Fay	97.036	N/A	-	4,822
			-	54,584
Total Expenditures of Federal Awards			\$ 71,392	\$ 61,178,282

DISTRICT SCHOOL BOARD OF MARION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Concluded)

Notes to Schedule of Expenditures of Federal Awards:

- (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Marion County District School Board under programs of the Federal government for the fiscal year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance:
 - (A) National School Lunch Program - Includes \$1,832,067 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

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

Marion County District School Board and
Superintendent
Ocala, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Marion County District School Board (the District), as of and for the year ended June 30, 2018, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2018. Other auditors audited the financial statements of the Marion Charter School and the McIntosh Area School, which represent 17% and 32%, 25% and 8%, respectively of the total assets, net position, and revenues of the aggregate discretely presented component units. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Certified Public Accountants

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Marion County District School Board and
Superintendent
Ocala, Florida

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is 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.


December 17, 2018
Ocala, Florida

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

Marion County District School Board and
Superintendent
Ocala, Florida

Report on Compliance for Each Major Federal Program

We have audited the Marion County District School Board's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2018.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the 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, 2018.

Certified Public Accountants

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Marion County District School Board and
Superintendent
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Concluded)**

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 compliance requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of the 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 requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


December 17, 2018
Ocala, Florida

**MARION COUNTY DISTRICT SCHOOL BOARD - OCALA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Summary of Audit Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	No
Significant deficiency(ies) identified:	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
Child Nutrition Cluster:	
United States Department of Agriculture	
Florida Department of Agriculture and Consumer Services:	
School Breakfast Program	CFDA 10.553
National School Lunch Program	CFDA 10.555
Summer Food Service Program for Children	CFDA 10.559
Dollar threshold used to distinguish between Type A and Type B Federal Programs:	\$458,837
Audit qualified as a low-risk auditee pursuant to the Uniform Guidance?	Yes

Other Issues

No Summary Schedule of Prior Audit Findings is required because there are no prior audit findings related to Federal programs.

MANAGEMENT LETTER

Marion County District School Board and
Superintendent
Ocala, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Marion County District School Board (the District), as of and for the fiscal year ended June 30, 2018, and have issued our report thereon December 17, 2018. Other auditors audited the financial statements of two of the aggregate discretely presented component units, as described in our report on the District's financial statements. This letter does not include the results of the other auditors' and such information related to that audit is reported on separately by those auditors.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, with are dated December 17, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires us to communicate whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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 2218.503(1), Florida Statutes.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Marion County District School Board and
Superintendent
Ocala, Florida

MANAGEMENT LETTER
(Concluded)

Financial Condition (Concluded)

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 the financial information provided by same.

Transparency

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the District maintains on its Web site the information specified in Section 1011.035, Florida Statutes. (Section 1011.035, Florida Statutes, provides the district school boards shall prominently post on their Web site a plain language version of each proposed, tentative, and official budget that described each budget item in terms that are easily understandable to the public). In connection with our audit, we determined that the District maintained on its Web site the information specified in Section 1011.035, Florida Statutes.

Additional Matters

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

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.


December 17, 2018
Ocala, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Marion County District School Board and
Superintendent
Ocala, Florida

Report on Compliance

We have examined the Marion County District School Board (the District) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended June 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

Management's Responsibility

Management is responsible for the District's compliance with those requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

Opinion

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2018.

Restriction on Use

This report 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, the District, its management, and is not intended to be, and should not be, used by anyone other than these specified parties.


December 17, 2018
Ocala, Florida

Certified Public Accountants

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MARION COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
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There were no Federal Awards or financial reporting findings in the June 30, 2017, audit.

Dr. Heidi Maier
Superintendent

Nancy Stacy
District 1

Beth McCall
District 2

Bobby L. James
District 3

Angie Boynton
District 4

Kelly King
District 5



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The School Board of Marion County, Florida

AN EQUAL OPPORTUNITY SCHOOL DISTRICT

512 SOUTHEAST THIRD STREET • OCALA FLORIDA 34471

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