

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDING JUNE 30, 2017



The School Board of Marion County, Florida

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**FISCAL YEAR ENDED  
JUNE 30, 2017**

**Dr. Heidi Maier, Superintendent of Schools**

**Prepared By:  
Finance and Accounting Department  
Theresa Boston-Ellis, Chief Financial Officer  
Alice A. Posada, Director of Finance**

**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, 2017**

**TABLE OF CONTENTS**

**I. INTRODUCTORY SECTION**

|  |           |
|--|-----------|
| Principal Officials .....  | i         |
| Letter of Transmittal .....  | ii - viii |
| Organizational Chart .....   | ix        |
| Certificate of Achievement for Excellence in Financial Reporting ..... | x         |

**II. FINANCIAL SECTION**

|   |     |
|---|-----|
| <b>Independent Auditor's Report</b> ..... | 1-4 |
|---|-----|

|   |      |
|---|------|
| <b>Management's Discussion and Analysis</b> ..... | 5-12 |
|---|------|

**Basic Financial Statements**

|  |       |
|--|-------|
| Statement of Net Position .....  | 13    |
| Statement of Activities .....  | 14-15 |
| Balance Sheet – Governmental Funds .....   | 16-17 |
| Reconciliation of the Governmental Funds Balance Sheet to the<br>Statement of Net Position .....   | 18    |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Governmental Funds .....  | 19-20 |
| Reconciliation of the Governmental Funds Statement of Revenues,<br>Expenditures, and Changes in Fund Balances to the Statement of Activities ..... | 21    |
| Statement of Net Position – Proprietary Fund .....   | 22    |
| Statement of Revenues, Expenses, and Changes in Fund Net<br>Position – Proprietary Fund .....  | 23    |
| Statement of Cash Flows – Proprietary Fund .....   | 24    |
| Statement of Fiduciary Net Position – Fiduciary Funds .....  | 25    |
| Statement of Changes in Fiduciary Net Position - Fiduciary Fund .....  | 26    |
| Notes to Financial Statements .....  | 27-65 |

**Required Supplementary Information**

|  |       |
|--|-------|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Major Fund – General Fund .....                                   | 66-70 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Major Special Revenue Fund – Food Service Fund .....              | 71    |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Major Special Revenue Fund –<br>Other Federal Programs Fund ..... | 72-73 |
| Schedule of Funding Progress for Other Postemployment Benefits .....   | 74    |
| Schedule of Proportionate Share of Net Pension Liability .....   | 75    |
| Schedule of Contributions – Pension Plans .....  | 76    |
| Notes to Required Supplementary Information .....  | 77-78 |

**THE MARION COUNTY DISTRICT SCHOOL BOARD  
OCALA, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED  
JUNE 30, 2017**

**TABLE OF CONTENTS  
(Continued)**

**II. FINANCIAL SECTION**

**Combining and Individual Fund Financial Statements and Schedules**

|  |       |
|--|-------|
| Combining Balance Sheet – Nonmajor Funds .....   | 79-80 |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Nonmajor Funds.....   | 81-82 |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual – Nonmajor Funds:  |       |
| Debt Service – State Board of Education COBI Bonds Fund .....  | 83    |
| Debt Service – Other Debt Service Fund .....   | 84    |
| Capital Projects – Public Education Capital Outlay Fund.....   | 85    |
| Capital Projects – Capital Outlay and Debt Service Fund .....  | 86    |
| Capital Projects - Local Capital Improvement Fund .....  | 87    |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual – Major Capital Projects Fund –<br>Other Capital Projects Fund ..... | 88    |
| Statement of Changes in Assets and Liabilities – Agency Funds –<br>School Internal Accounts - Student Activity Funds .....                                   | 89    |
| Nonmajor Component Units   |       |
| Combining Statement of Net Position.....   | 90    |
| Combining Statement of Activities.....   | 91-92 |

**III. STATISTICAL SECTION (UNAUDITED)**

|  |       |
|--|-------|
| <b>Table 1</b> - Net Position by Component – Government-wide .....   | 93    |
| <b>Table 2</b> - Changes in Net Position – Government-wide.....  | 94    |
| <b>Table 3</b> - Changes in Fund Balances, All Governmental Funds.....   | 95-96 |
| <b>Table 4</b> - Fund Balances, All Governmental Funds .....   | 97    |
| <b>Table 5</b> - General Governmental Tax Revenues by Sources .....  | 98    |
| <b>Table 6</b> - Assessed Value and Actual Value of Taxable Property .....   | 99    |
| <b>Table 7</b> - Property Tax Rates of Direct and Overlapping Governments .....  | 100   |
| <b>Table 8</b> - Direct and Overlapping Sales Tax Rates.....   | 101   |
| <b>Table 9</b> - Principal Property Taxpayers .....  | 102   |
| <b>Table 10</b> -Property Tax Levies and Collections .....   | 103   |
| <b>Table 11</b> -Ratio of Outstanding Debt by Type .....   | 104   |
| <b>Table 12</b> -Ratio of Net General Bonded Debt to Assessed Value<br>and Net Bonded Debt per Capita.....                 | 105   |
| <b>Table 13</b> -Legal Debt Margin Information .....   | 106   |
| <b>Table 14</b> -Anticipated Capital Outlay Millage Levy Required to Cover<br>Certificates of Participation Payments ..... | 107   |
| <b>Table 15</b> -Pledged Revenue Coverage .....  | 108   |
| <b>Table 16</b> -Demographic and Economic Statistics .....   | 109   |
| <b>Table 17</b> -Principal Employers, Ten Largest Employers.....   | 110   |
| <b>Table 18</b> -Number of Full-time Employees .....   | 111   |
| <b>Table 19</b> -Operating Statistics .....  | 112   |

**THE MARION COUNTY DISTRICT SCHOOL BOARD  
OCALA, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED  
JUNE 30, 2017**

|  |         |
|--|---------|
| <b>Table 20</b> -Food Service Operating Data ..... | 113     |
| <b>Table 21</b> -School Building Information.....  | 114-115 |

**IV. ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH THE  
GOVERNMENT AUDITING STANDARDS, ISSUED BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES AND THE PROVISIONS OF THE UNIFORM GUIDANCE**

|   |         |
|---|---------|
| Schedule of Expenditures of Federal Awards .....  | 116-117 |
| Independent Auditor's Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of the Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 118-119 |
| Independent Auditor's Report on Compliance for Each Major Federal<br>Program and Report on Internal Control Over Compliance Required<br>by the Uniform Guidance .....   | 120-122 |
| Schedule of Findings and Questioned Costs .....   | 123     |
| Prior Audit Follow -Up .....  | 124     |
| Summary Schedule of Prior Audit Findings.....   | 124     |

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# I N T R O D U C T O R Y



An investment  
in knowledge  
pays the best  
interest.

~Benjamin Franklin~





# Principal Officials

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## District School Board



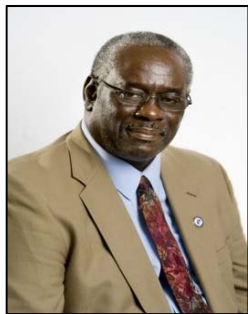
**Mrs. Kelly King**  
School Board Chair,  
District 5



**Mrs. Beth McCall**  
Vice Chair, District 2



**Mrs. Nancy Stacy**  
Member, District 1



**Mr. Bobby James**  
Member, District 3



**Ms. Angie Boynton**  
Member, District 4

## 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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November 27, 2017

Members of the Board  
Marion County School Board  
512 SE 3<sup>rd</sup> 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, 2017.

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

The State of Florida Auditor General has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2017, 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, 2017, are fairly presented in conformity with GAAP. The Auditor General's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the District was part of a broader, Federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies.

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



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 12<sup>th</sup> 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 42,893 students, Marion County student enrollment increased by 419 students from the 2015-16 fiscal year to the 2016-17 fiscal year. There is little projected change for the 2017-18 fiscal year student enrollment.

### **Growth**

In the past nine years, total population in the county has grown from 325,023 to 345,749, or 6 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 is 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 seeks to work 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 employer 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. New programs include 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 2018.

- ❖ 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 professional development 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 Florida Standards Assessment (FSA) was first administered in the spring of 2015 with results reported using T-scores. Following the approval of achievement level cut scores by the State Board of Education on January 6, 2016, all future FSA results will be reported as an achievement level. Below is a summary of the spring 2017 FSA administration:

- For the FSA ELA assessment, the percent of students scoring at level 3 and above increased by 1% for grades 7 and 9, 2% for grades 5 and 6, 5% for grade 3 and 7% for grade 4 and remained the same for grades 8 and 10 as compared to the spring 2016 administration.
- For the FSA Mathematics assessment, the percent of students scoring at level 3 and above decreased by 1% for grades 3 and 6, remained the same for grade 8 and increased by 2% for grade 7, 4% for grade 5, and 7% for grade 4 as compared to the spring 2016 administration.
- For the FSA EOCs (End of Course assessments), the percent of students scoring at level 3 and above increased by 8% for Algebra I, decreased by 1% for Geometry and increased by 6% for Algebra II as compared to the spring 2016 administration.
- For the Statewide Science assessment, the percent of students scoring at level 3 and above increased by 1% for grade 5 and increased by 2% for grade 8.

School and district grades were released in July 2016. Below is a summary:

- “A”-5 schools or 9%
- “B”-12 schools or 23%
- “C”-29 schools or 55%
- “D”-5 schools or 9%
- “F”-2 schools or 4%
- District grade was a “C”

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 \$49 million during the 2016-17 fiscal year.

#### **Financial Information**

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

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



### **Budgetary Controls**

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

### **Retirement Program**

The District participates in the Florida Retirement System, which is administered by the State. Note II.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, 2016. This is the seventeenth 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



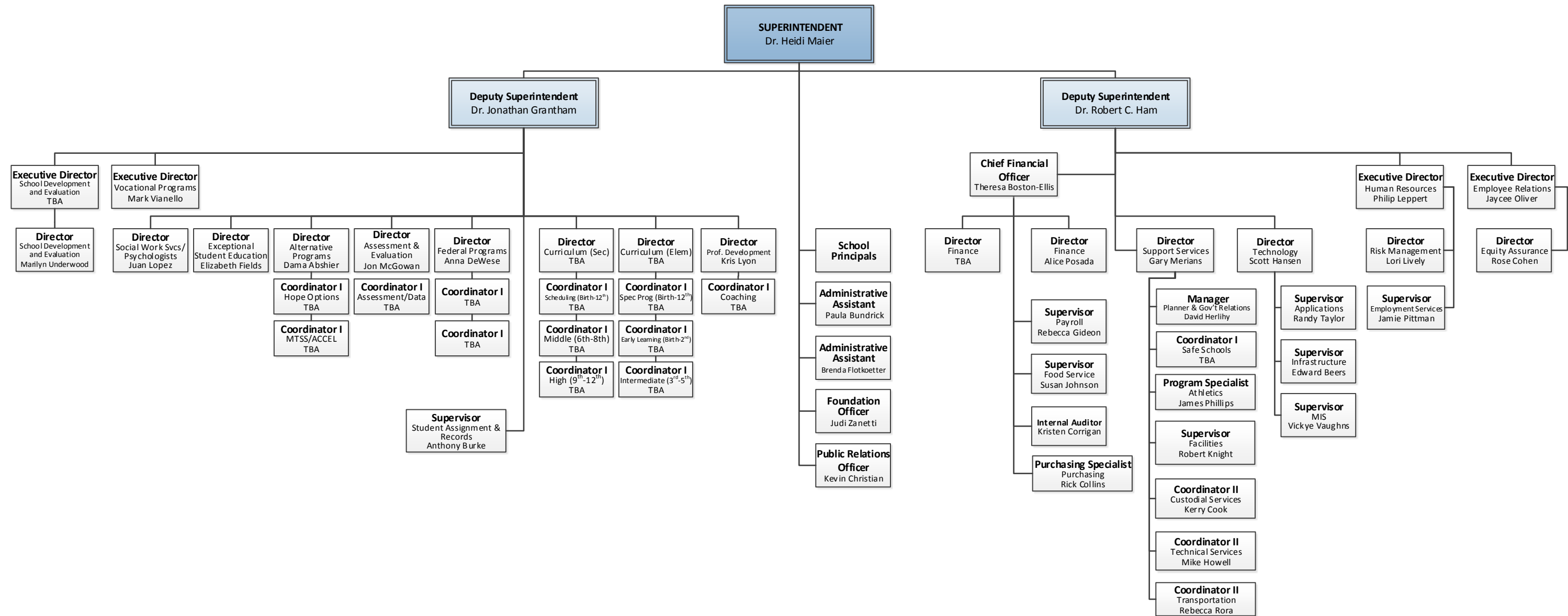
Theresa Boston-Ellis, Chief Financial Officer



Alice A. Posada, Director of Finance

# MARION COUNTY PUBLIC SCHOOLS

## Organizational Chart 2016-2017





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, 2016**

Executive Director/CEO

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# F I N A N C I A L



## **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**





Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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



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

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Marion County District School Board, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the school internal funds, which represent 14 percent of the assets and 27 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds and the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and

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

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Marion County District School Board, as of June 30, 2017, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that **Management's Discussion and Analysis; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Fund – General Fund; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Special Revenue Fund – Food Service Fund; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Special Revenue Fund – Other Federal Programs Fund; Schedule of Funding Progress for Other Postemployment Benefits; Schedule of Proportionate Share of Net Pension Liability; Schedule of Contributions – Pension Plans; and Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

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

#### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 27, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial "S" and a distinct "F" before the last name.

Sherrill F. Norman, CPA  
Tallahassee, Florida  
November 27, 2017  
Audit Report No. 2018-053

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2017. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-17 fiscal year are as follows:

- Total Net Position is \$309,368,781, which represents a 0.32 percent decrease from the 2015-16 fiscal year. The primary reason for the decrease is attributable to the net change in pension liabilities, deferred inflows, and deferred outflows. The District participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. Information related to these programs is provided by the Florida Department of Management Services.
- General revenues total \$382,064,032, or 90.61 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$39,591,045 or 9.39 percent of all revenues.
- Expenses total \$422,651,164; only \$39,591,045 of these expenses were offset by program revenues, with the remainder paid from general revenues. Total expenses exceed total revenues by \$996,087.
- The total combined assigned and unassigned fund balance of the General Fund, representing the net fund balance that is spendable and not restricted, totals \$27,836,814 at June 30, 2017, or 8.39 percent of total General Fund revenues. The unassigned fund balance totals \$15,956,637 which represents 4.81 percent of total General Fund revenues.
- The District's capital assets (net of depreciation) decreased by \$6,943,693 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 – Other Capital Projects Fund. Data from the other five governmental funds are considered nonmajor and are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and are presented as supplementary information.

**Proprietary Fund**—Proprietary funds may be established to account for activities in which a fee is charged for services. The District maintains an internal service fund to report activities that provide services to support the District's other programs and functions through user charges. The District uses the internal service fund to account for the cost of the District's self-insurance 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 funding progress for other postemployment benefits, 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, 2017, compared to net position as of June 30, 2016:

|                                       | Net Position, End of Year |                       |
|---------------------------------------|---------------------------|-----------------------|
|                                       | Governmental Activities   |                       |
|                                       | 6-30-17                   | 6-30-16               |
| Current Assets                        | \$ 101,434,897            | \$ 97,108,775         |
| Capital Assets, Net of Depreciation   | 523,974,332               | 530,918,025           |
| <b>Total Assets</b>                   | <b>625,409,229</b>        | <b>628,026,800</b>    |
| <b>Deferred Outflows of Resources</b> | <b>86,562,969</b>         | <b>36,428,479</b>     |
| Current Liabilities                   | 13,222,218                | 13,455,048            |
| Noncurrent Liabilities                | 384,310,420               | 320,446,254           |
| <b>Total Liabilities</b>              | <b>397,532,638</b>        | <b>333,901,302</b>    |
| <b>Deferred Inflows of Resources</b>  | <b>5,070,779</b>          | <b>20,189,109</b>     |
| Net Position:                         |                           |                       |
| Net Investment in Capital Assets      | 430,615,015               | 427,231,115           |
| Restricted                            | 46,589,540                | 40,344,387            |
| Unrestricted (Deficit)                | (167,835,774)             | (157,210,634)         |
| <b>Total Net Position</b>             | <b>\$ 309,368,781</b>     | <b>\$ 310,364,868</b> |

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, 2017, and June 30, 2016, 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, decrease in deferred inflows, and increase in pension liabilities is the result of the Florida Retirement System and Health Insurance Subsidy pension activities.

Governmental activities decreased the District's net position by \$996,087 during the 2016-17 fiscal year, detailed as follows:

| <b>Operating Results for the Fiscal Year Ended</b>           |                       |                       |  |
|--|-----------------------|-----------------------|--|
| Governmental Activities                                      |                       |                       |  |
|  | 6-30-17               | 6-30-16               |  |
| Program Revenues:  |                       |                       |  |
| Charges for Services   | \$ 10,505,311         | \$ 10,000,822         |  |
| Operating Grants and Contributions                           | 25,895,664            | 25,323,451            |  |
| Capital Grants and Contributions                             | 3,190,070             | 2,672,128             |  |
| General Revenues:  |                       |                       |  |
| Property Taxes Levied for Operational Purposes               | 107,214,742           | 106,567,311           |  |
| Property Taxes Levied for Capital Projects                   | 25,125,064            | 23,979,076            |  |
| Grants and Contributions Not Restricted to Specific Programs | 243,054,631           | 239,340,767           |  |
| Unrestricted Investment Earnings                             | 678,134               | 403,219               |  |
| Miscellaneous  | 5,991,461             | 6,678,133             |  |
| <b>Total Revenues</b>  | <b>421,655,077</b>    | <b>414,964,907</b>    |  |
| Functions/Program Expenses:                                  |                       |                       |  |
| Instruction  | 240,181,428           | 222,627,462           |  |
| Student Personnel Services                                   | 28,752,565            | 26,921,637            |  |
| Instructional Media Services                                 | 5,185,913             | 4,950,533             |  |
| Instruction and Curriculum Development                       | 5,917,941             | 5,614,973             |  |
| Instructional Staff Training Services                        | 9,123,124             | 9,031,233             |  |
| Instruction Related Technology                               | 2,742,411             | 2,669,681             |  |
| Board of Education   | 683,341               | 693,524               |  |
| General Administration                                       | 3,331,174             | 2,847,397             |  |
| School Administration  | 20,596,270            | 18,132,771            |  |
| Facility Services  | 1,042,232             | 1,602,808             |  |
| Fiscal Services  | 2,997,915             | 2,752,024             |  |
| Food Services  | 28,409,893            | 27,389,859            |  |
| Central Services   | 4,504,301             | 4,001,834             |  |
| Student Transportation Services                              | 22,290,992            | 20,774,721            |  |
| Operation of Plant   | 23,452,974            | 23,055,086            |  |
| Maintenance of Plant   | 9,877,571             | 9,133,472             |  |
| Administrative Technology Services                           | 5,480,488             | 5,049,540             |  |
| Community Services   | 4,665,597             | 4,629,729             |  |
| Unallocated Interest on Long-Term Debt                       | 3,415,034             | 3,989,079             |  |
| Loss on Disposal of Capital Assets                           | -                     | 387,768               |  |
| <b>Total Functions/Program Expenses</b>                      | <b>422,651,164</b>    | <b>396,255,131</b>    |  |
| <b>Increase (Decrease) in Net Position</b>                   | <b>(996,087)</b>      | <b>18,709,776</b>     |  |
| Net Position - Beginning                                     | 310,364,868           | 291,655,092           |  |
| Net Position - Ending  | <b>\$ 309,368,781</b> | <b>\$ 310,364,868</b> |  |

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.
- 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 \$9.3 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 \$15,956,637 while the total fund balance is \$42,150,366. The total fund balance increased by \$3,795,611 during the 2016-17 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 \$28,290,738 and \$27,880,978, respectively, and ended the fiscal year with a fund balance of \$11,144,998. It should be noted that \$1,046,420 of inventories represents the nonspendable fund balance, while the remaining \$10,098,578 fund balance is restricted for food service operations.

Special Revenue – Other Federal Programs Fund: This fund had revenues and expenditures of \$32,779,550. 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 - Other Capital Projects Fund: This fund has a total fund balance of \$10,362,199. The fund is comprised of impact fees, sales tax, and certificates of participation proceeds received in previous fiscal years that must be used for purposes of constructing new schools and renovating existing schools. There were no significant projects undertaken during the fiscal year.

## **Proprietary Fund**

Unrestricted net position of the Internal Service Fund totaled \$3,527,773 at June 30, 2017, a decrease of \$336,723 from the previous fiscal year. Total operating expenses were \$4,871,944 comprised of salaries, employee benefits, purchased services, and insurance claims.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the course of the 2016-17 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 \$16.4 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, 2017, amounts to \$523,974,332 (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-roofing projects were completed during the year.
- Disposal of portable buildings, equipment, and vehicles totaled approximately \$2.7 million.
- Depreciation expense totaled \$18,904,815.

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

### **Long-Term Debt**

At June 30, 2017, the District has \$93,882,967 total capital asset-related debt outstanding. This amount is composed of \$82,905,000 of certificates of participation payable, \$4,116,000 of bonds payable, \$2,984,000 note payable, and \$3,877,967 of unamortized premiums.

Other items classified as long-term liabilities, in the government-wide financial statements, include the compensated absences liability totaling \$32,614,717, other postemployment benefits payable in the amount of \$35,405,889, estimated insurance claims payable totaling \$9,744,208 and net pension obligations totaling \$212,662,639.

Additional information on the District's long-term liabilities can be found in Note II.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 3<sup>rd</sup> Street, Ocala, FL 34471.

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**MARION COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

|   | <b>Primary<br/>Governmental<br/>Activities</b> | <b>Component<br/>Units</b> |
|---|--|----------------------------|
| <b>Assets</b>                               |  |                            |
| Cash  | \$ 24,509,171                                  | \$ 960,897                 |
| Investments                                 | 68,389,239                                     | 611,814                    |
| Accounts Receivable                         | 313,134  | 109,641                    |
| Deposits Receivable                         | 140,000  | 15,904                     |
| Due from Other Agencies                     | 3,143,407                                      | -                          |
| Inventories                                 | 2,827,599                                      | 613,168                    |
| Prepaid Items                               | 2,112,347                                      | 73,051                     |
| Assets Held by Others                       | -  | 2,163,111                  |
| Capital Assets:                             |  |                            |
| Capital Assets Not Being Depreciated        | 17,249,647                                     | 364,833                    |
| Capital Assets Being Depreciated, Net       | 506,724,685                                    | 919,930                    |
| <b>Total Assets</b>                         | <b>625,409,229</b>                             | <b>5,832,349</b>           |
| <b>Deferred Outflows of Resources</b>       |  |                            |
| Deferred Amount on Refunding                | 2,307,057                                      | -                          |
| Deferred Amount on Pension Liability        | 84,255,912                                     | 347,859                    |
| <b>Total Deferred Outflows of Resources</b> | <b>86,562,969</b>                              | <b>347,859</b>             |
| <b>Liabilities</b>                          |  |                            |
| Salaries and Benefits Payable               | 5,818,148                                      | 27,281                     |
| Payroll Deductions and Withholdings Payable | 1,220,431                                      | -                          |
| Accounts Payable                            | 3,292,991                                      | 66,905                     |
| Funds Held for Others                       | -  | 19,369                     |
| Deposits Payable                            | 1,525  | -                          |
| Construction Contracts Payable              | 1,726,221                                      | -                          |
| Construction Contracts Payable - Retainage  | 151,431  | -                          |
| Accrued Interest Payable                    | 307,823  | -                          |
| Due to Other Agencies                       | 126,013  | -                          |
| Unearned Revenue                            | 577,635  | -                          |
| Long-term Liabilities Due Within One Year   | 21,150,511                                     | 90,984                     |
| Long-term Liabilities Due After One Year    | 363,159,909                                    | 847,689                    |
| <b>Total Liabilities</b>                    | <b>397,532,638</b>                             | <b>1,052,228</b>           |
| <b>Deferred Inflows of Resources</b>        |  |                            |
| Deferred Amount on Pension Liability        | 5,070,779                                      | 21,431                     |
| <b>Net Position</b>                         |  |                            |
| Net Investment in Capital Assets            | 430,615,015                                    | 1,146,070                  |
| Restricted for:                             |  |                            |
| State Required Carryover Programs           | 6,201,167                                      | -                          |
| Food Service                                | 11,144,998                                     | -                          |
| Debt Service                                | 243,089  | -                          |
| Capital Projects                            | 23,185,652                                     | -                          |
| Permanent Endowments:                       |  |                            |
| Nonexpendable                               | -  | 115,288                    |
| Other Purposes                              | 5,814,634                                      | 2,954,213                  |
| Unrestricted (Deficit)                      | (167,835,774)                                  | 890,978                    |
| <b>Total Net Position</b>                   | <b>\$ 309,368,781</b>                          | <b>\$ 5,106,549</b>        |

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, 2017**

| Functions/Programs                     | Expenses              | Program Revenues     |                                    |
|--|-----------------------|----------------------|------------------------------------|
|  |                       | Charges for Services | Operating Grants and Contributions |
| <b>Primary Government</b>              |                       |                      |                                    |
| Governmental Activities:               |                       |                      |                                    |
| Instruction                            | \$ 240,181,428        | \$ 7,955,731         | \$ -                               |
| Student Personnel Services             | 28,752,565            | -                    | -                                  |
| Instructional Media Services           | 5,185,913             | -                    | -                                  |
| Instruction and Curriculum Development | 5,917,941             | -                    | -                                  |
| Instructional Staff Training Services  | 9,123,124             | -                    | -                                  |
| Instruction Related Technology         | 2,742,411             | -                    | -                                  |
| Board of Education                     | 683,341               | -                    | -                                  |
| General Administration                 | 3,331,174             | -                    | -                                  |
| School Administration                  | 20,596,270            | -                    | -                                  |
| Facility Services                      | 1,042,232             | -                    | -                                  |
| Fiscal Services                        | 2,997,915             | -                    | -                                  |
| Food Services                          | 28,409,893            | 2,353,988            | 25,895,664                         |
| Central Services                       | 4,504,301             | -                    | -                                  |
| Student Transportation Services        | 22,290,992            | 195,592              | -                                  |
| Operation of Plant                     | 23,452,974            | -                    | -                                  |
| Maintenance of Plant                   | 9,877,571             | -                    | -                                  |
| Administrative Technology Services     | 5,480,488             | -                    | -                                  |
| Community Services                     | 4,665,597             | -                    | -                                  |
| Unallocated Interest on Long-term Debt | 3,415,034             | -                    | -                                  |
| <b>Total Primary Government</b>        | <b>\$ 422,651,164</b> | <b>\$ 10,505,311</b> | <b>\$ 25,895,664</b>               |
| <b>Component Units</b>                 |                       |                      |                                    |
| Charter Schools/Foundation             | \$ 6,090,687          | \$ 106,557           | \$ 1,968,855                       |

**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

**Net Position - Ending**

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

| Program Revenues                       | Net (Expense) Revenue and<br>Changes in Net Position |                    |
|--|--|--------------------|
|  | Primary Government                                   |                    |
| Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Component<br>Units |
| \$ -                                   | \$ (232,225,697)                                     | \$ -               |
| -                                      | (28,752,565)   | -                  |
| -                                      | (5,185,913)  | -                  |
| -                                      | (5,917,941)  | -                  |
| -                                      | (9,123,124)  | -                  |
| -                                      | (2,742,411)  | -                  |
| -                                      | (683,341)  | -                  |
| -                                      | (3,331,174)  | -                  |
| -                                      | (20,596,270)   | -                  |
| 1,365,151                              | 322,919  | -                  |
| -                                      | (2,997,915)  | -                  |
| -                                      | (160,241)  | -                  |
| -                                      | (4,504,301)  | -                  |
| -                                      | (22,095,400)   | -                  |
| -                                      | (23,452,974)   | -                  |
| 1,378,965                              | (8,498,606)  | -                  |
| -                                      | (5,480,488)  | -                  |
| -                                      | (4,665,597)  | -                  |
| 445,954                                | (2,969,080)  | -                  |
| <u>\$ 3,190,070</u>                    | <u>(383,060,119)</u>                                 | <u>-</u>           |
| <u>\$ 188,057</u>                      | <u>-</u>   | <u>(3,827,218)</u> |

|                       |                     |
|-----------------------|---------------------|
| 107,214,742           | -                   |
| 25,125,064            | -                   |
| 243,054,631           | 3,652,245           |
| 678,134               | 60,553              |
| 5,991,461             | -                   |
| <u>382,064,032</u>    | <u>3,712,798</u>    |
| (996,087)             | (114,420)           |
| 310,364,868           | 5,220,969           |
| <u>\$ 309,368,781</u> | <u>\$ 5,106,549</u> |

**MARION COUNTY DISTRICT SCHOOL BOARD  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017**

|   | <b>General<br/>Fund</b> | <b>Special Revenue -<br/>Food Service<br/>Fund</b> |
|---|-------------------------|--|
| <b>Assets</b>                               |                         |  |
| Cash  | \$ 8,513,369            | \$ 3,606,219                                       |
| Investments                                 | 39,542,354              | 6,772,353  |
| Accounts Receivable                         | 158,592                 | 26,300   |
| Due from Other Agencies                     | 604,535                 | 222,838  |
| Due from Other Funds                        | 845,399                 | -  |
| Inventories                                 | 1,781,179               | 1,046,420  |
| Prepaid Items                               | 516,572                 | -  |
| <b>Total Assets</b>                         | <b>\$ 51,962,000</b>    | <b>\$ 11,674,130</b>                               |
| <b>Liabilities and Fund Balances</b>        |                         |  |
| <b>Liabilities</b>                          |                         |  |
| Salaries and Benefits Payable               | \$ 5,327,907            | \$ 216,809   |
| Payroll Deductions and Withholdings Payable | 1,126,635               | 43,323   |
| Accounts Payable                            | 3,042,147               | 197,175  |
| Deposits Payable                            | 1,525                   | -  |
| Construction Contracts Payable              | -                       | 51,552   |
| Construction Contracts Payable - Retainage  | -                       | 5,728  |
| Due to Other Agencies                       | 95,239                  | 14,545   |
| Due to Other Funds                          | -                       | -  |
| Unearned Revenue                            | 218,181                 | -  |
| <b>Total Liabilities</b>                    | <b>9,811,634</b>        | <b>529,132</b>                                     |
| <b>Fund Balances</b>                        |                         |  |
| Nonspendable:                               |                         |  |
| Inventories                                 | 1,781,179               | 1,046,420  |
| Prepaid Items                               | 516,572                 | -  |
| Total Nonspendable Fund Balance             | <b>2,297,751</b>        | <b>1,046,420</b>                                   |
| Restricted for:                             |                         |  |
| State Required Carryover Programs           | 6,201,167               | -  |
| Local Property Tax                          | 5,814,634               | -  |
| Debt Service                                | -                       | -  |
| Capital Projects                            | -                       | -  |
| Food Service Operations                     | -                       | 10,098,578   |
| Total Restricted Fund Balance               | <b>12,015,801</b>       | <b>10,098,578</b>                                  |
| Assigned for:                               |                         |  |
| Budget Shortfall 2017-18 Fiscal Year        | 9,405,532               | -  |
| Other Programs                              | 2,474,645               | -  |
| Total Assigned Fund Balance                 | <b>11,880,177</b>       | <b>-</b>   |
| Unassigned Fund Balance                     | 15,956,637              | -  |
| <b>Total Fund Balances</b>                  | <b>42,150,366</b>       | <b>11,144,998</b>                                  |
| <b>Total Liabilities and Fund Balances</b>  | <b>\$ 51,962,000</b>    | <b>\$ 11,674,130</b>                               |

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

| Special Revenue -<br>Other Federal<br>Programs Fund | Capital Projects -<br>Other Capital<br>Projects Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--|--------------------------------|--------------------------------|
| \$ 362,198  | \$ 1,372,434   | \$ 7,425,652                   | \$ 21,279,872                  |
| -   | 9,272,434  | 4,490,237                      | 60,077,378                     |
| 12,542  | -  | -                              | 197,434                        |
| 1,176,389   | -  | 1,139,645                      | 3,143,407                      |
| -   | -  | -                              | 845,399                        |
| -   | -  | -                              | 2,827,599                      |
| -   | -  | -                              | 516,572                        |
| <u>\$ 1,551,129</u>                                 | <u>\$ 10,644,868</u>                                 | <u>\$ 13,055,534</u>           | <u>\$ 88,887,661</u>           |

|                  |                |                  |                   |
|------------------|----------------|------------------|-------------------|
| \$ 270,117       | \$ -           | \$ -             | \$ 5,814,833      |
| 49,199           | -              | -                | 1,219,157         |
| 28,238           | 3,949          | -                | 3,271,509         |
| -                | -              | -                | 1,525             |
| -                | 254,247        | 1,420,422        | 1,726,221         |
| -                | 24,473         | 121,230          | 151,431           |
| 15,891           | -              | -                | 125,675           |
| 828,230          | -              | 17,169           | 845,399           |
| 359,454          | -              | -                | 577,635           |
| <u>1,551,129</u> | <u>282,669</u> | <u>1,558,821</u> | <u>13,733,385</u> |

|   |   |   |           |
|---|---|---|-----------|
| - | - | - | 2,827,599 |
| - | - | - | 516,572   |
| - | - | - | 3,344,171 |

|   |            |            |            |
|---|------------|------------|------------|
| - | -          | -          | 6,201,167  |
| - | -          | -          | 5,814,634  |
| - | -          | 550,912    | 550,912    |
| - | 10,362,199 | 10,945,801 | 21,308,000 |
| - | -          | -          | 10,098,578 |
| - | 10,362,199 | 11,496,713 | 43,973,291 |

|   |            |            |            |
|---|------------|------------|------------|
| - | -          | -          | 9,405,532  |
| - | -          | -          | 2,474,645  |
| - | -          | -          | 11,880,177 |
| - | -          | -          | 15,956,637 |
| - | 10,362,199 | 11,496,713 | 75,154,276 |

|                     |                      |                      |                      |
|---------------------|----------------------|----------------------|----------------------|
| <u>\$ 1,551,129</u> | <u>\$ 10,644,868</u> | <u>\$ 13,055,534</u> | <u>\$ 88,887,661</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, 2017**

**Total Fund Balances - Governmental Funds** \$ 75,154,276

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 523,974,332

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

|  |                    |            |
|--|--------------------|------------|
| Deferred Outflows related to Debt Refundings | \$ 2,307,057       |            |
| Deferred Outflows related to Pensions        | 84,255,912         |            |
| Deferred Inflows related to Pensions         | <u>(5,070,779)</u> |            |
|  |                    | 81,492,190 |

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                | 82,905,000         |               |
| Bonds Payable                                | 4,116,000          |               |
| Note Payable                                 | 2,984,000          |               |
| Unamortized Premiums                         | 3,877,967          |               |
| Unamortized Prepaid Insurance - Debt Related | (94,245)           |               |
| Compensated Absences Payable                 | 32,614,717         |               |
| Other Postemployment Benefits Payable        | 35,405,889         |               |
| Net Pension Liability                        | <u>212,662,639</u> |               |
|  |                    | (374,471,967) |

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. 3,527,773

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. (307,823)

**Total Net Position - Governmental Activities** \$ 309,368,781

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

|  | <b>General<br/>Fund</b> | <b>Special Revenue -<br/>Food Service<br/>Fund</b> |
|--|-------------------------|--|
| <b>Revenues</b>  |                         |  |
| Intergovernmental:   |                         |  |
| Federal Direct   | \$ 489,275              | \$ -   |
| Federal Through State and Local                              | 2,690,418               | 25,389,111   |
| State  | 206,872,139             | 433,644  |
| Local:   |                         |  |
| Property Taxes   | 107,214,742             | -  |
| Charges for Services - Food Service                          | -                       | 2,353,988  |
| Impact Fees  | -                       | -  |
| Other  | 14,480,082              | 113,995  |
| <b>Total Revenues</b>  | <b>331,746,656</b>      | <b>28,290,738</b>                                  |
| <b>Expenditures</b>  |                         |  |
| Current - Education:   |                         |  |
| Instruction  | 202,489,222             | -  |
| Student Personnel Services                                   | 22,950,244              | -  |
| Instructional Media Services                                 | 4,938,520               | -  |
| Instruction and Curriculum Development                       | 3,489,987               | -  |
| Instructional Staff Training Services                        | 3,365,057               | -  |
| Instruction Related Technology                               | 2,394,923               | -  |
| Board of Education   | 680,803                 | -  |
| General Administration                                       | 1,654,795               | -  |
| School Administration  | 19,373,799              | -  |
| Facility Services  | 780,133                 | -  |
| Fiscal Services  | 2,886,882               | -  |
| Food Services  | -                       | 27,304,381   |
| Central Services   | 4,266,224               | -  |
| Student Transportation Services                              | 20,036,558              | -  |
| Operation of Plant   | 22,915,330              | -  |
| Maintenance of Plant   | 9,394,718               | -  |
| Administrative Technology Services                           | 4,854,618               | -  |
| Community Services   | 3,423,703               | -  |
| Capital Outlay:  |                         |  |
| Facilities Acquisition and Construction                      | 1,729,993               | 189,302  |
| Other Capital Outlay   | 2,204,878               | 387,295  |
| Debt Service:  |                         |  |
| Retirement of Principal                                      | -                       | -  |
| Interest and Fiscal Charges                                  | -                       | -  |
| <b>Total Expenditures</b>                                    | <b>333,830,387</b>      | <b>27,880,978</b>                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(2,083,731)</b>      | <b>409,760</b>                                     |
| <b>Other Financing Sources (Uses)</b>                        |                         |  |
| Insurance Loss Recoveries                                    | 49,419                  | 877  |
| Transfers In   | 5,851,517               | 21,594   |
| Transfers Out  | (21,594)                | -  |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>5,879,342</b>        | <b>22,471</b>                                      |
| <b>Net Change in Fund Balances</b>                           | <b>3,795,611</b>        | <b>432,231</b>                                     |
| <b>Fund Balances - Beginning</b>                             | <b>38,354,755</b>       | <b>10,712,767</b>                                  |
| <b>Fund Balances - Ending</b>                                | <b>\$ 42,150,366</b>    | <b>\$ 11,144,998</b>                               |

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

| Special Revenue -<br>Other Federal<br>Programs Fund | Capital Projects -<br>Other Capital<br>Projects Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--|--------------------------------|--------------------------------|
| \$ 1,206,664  | \$ -   | \$ -                           | \$ 1,695,939                   |
| 31,337,715  | -  | -                              | 59,417,244                     |
| 55,411  | -  | 3,398,903                      | 210,760,097                    |
| -   | -  | 25,125,064                     | 132,339,806                    |
| -   | -  | -                              | 2,353,988                      |
| -   | 14,417   | -                              | 14,417                         |
| 179,760   | 73,035   | 112,621                        | 14,959,493                     |
| 32,779,550  | 87,452   | 28,636,588                     | 421,540,984                    |
| 16,412,679  | -  | -                              | 218,901,901                    |
| 5,033,422   | -  | -                              | 27,983,666                     |
| -   | -  | -                              | 4,938,520                      |
| 2,204,723   | -  | -                              | 5,694,710                      |
| 5,529,742   | -  | -                              | 8,894,799                      |
| 214,459   | -  | -                              | 2,609,382                      |
| -   | -  | -                              | 680,803                        |
| 1,566,521   | -  | -                              | 3,221,316                      |
| -   | -  | -                              | 19,373,799                     |
| 650   | -  | 203,919                        | 984,702                        |
| -   | -  | -                              | 2,886,882                      |
| -   | -  | -                              | 27,304,381                     |
| -   | -  | -                              | 4,266,224                      |
| 239,214   | -  | -                              | 20,275,772                     |
| -   | -  | -                              | 22,915,330                     |
| -   | -  | -                              | 9,394,718                      |
| -   | -  | -                              | 4,854,618                      |
| 1,224,564   | -  | -                              | 4,648,267                      |
| -   | 554,128  | 4,120,319                      | 6,593,742                      |
| 353,576   | -  | 2,031,293                      | 4,977,042                      |
| -   | -  | 12,228,000                     | 12,228,000                     |
| -   | -  | 3,563,581                      | 3,563,581                      |
| 32,779,550  | 554,128  | 22,147,112                     | 417,192,155                    |
| -   | (466,676)  | 6,489,476                      | 4,348,829                      |
| -   | -  | -                              | 50,296                         |
| -   | -  | 15,115,170                     | 20,988,281                     |
| -   | (377,605)  | (20,589,082)                   | (20,988,281)                   |
| -   | (377,605)  | (5,473,912)                    | 50,296                         |
| -   | (844,281)  | 1,015,564                      | 4,399,125                      |
| -   | 11,206,480   | 10,481,149                     | 70,755,151                     |
| \$ -  | \$ 10,362,199  | \$ 11,496,713                  | \$ 75,154,276                  |



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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, 2017**

**Net Change in Fund Balances - Governmental Funds** \$ 4,399,125

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense. This is the amount of capital asset activity in the current period:

|                                    |                  |             |
|------------------------------------|------------------|-------------|
| Capital Asset Additions            | \$ 12,067,381    |             |
| Depreciation Expense               | (18,904,815)     |             |
| Loss on Disposal of Capital Assets | <u>(106,259)</u> |             |
|                                    |                  | (6,943,693) |

|   |            |
|---|------------|
| 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. | 12,228,000 |
|---|------------|

|  |         |
|--|---------|
| 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. | 412,610 |
|--|---------|

|   |           |
|---|-----------|
| 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. | (300,314) |
|---|-----------|

|   |         |
|---|---------|
| 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. | (8,568) |
|---|---------|

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.

|  |                    |             |
|--|--------------------|-------------|
| Florida Retirement System Pension Contribution | 13,201,646         |             |
| Health Insurance Subsidy Pension Contribution  | 3,816,327          |             |
| Florida Retirement System Pension Expense      | (18,906,756)       |             |
| Health Insurance Subsidy Pension Expense       | <u>(7,410,523)</u> |             |
|  |                    | (9,299,306) |

|  |        |
|--|--------|
| The net decrease in accrued interest on long-term debt is reported in the statement of activities, but not in the fund statements. | 44,819 |
|--|--------|

|  |           |
|--|-----------|
| In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year. | (140,016) |
|--|-----------|

|   |             |
|---|-------------|
| Other postemployment benefits costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental funds until paid. This is the net increase in the other postemployment benefits liability for the current fiscal year. | (1,052,021) |
|---|-------------|

|  |           |
|--|-----------|
| Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. The net expense of internal service funds is reported with governmental activities. | (336,723) |
|--|-----------|

|  |                            |
|--|----------------------------|
| <b>Change in Net Position of Governmental Activities</b> | <u><u>\$ (996,087)</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, 2017**

|   | <b>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</b> |
|---|--|
| <b>Assets</b>                               |  |
| Current Assets:                             |  |
| Cash  | \$ 3,229,299   |
| Investments                                 | 8,311,861  |
| Accounts Receivable                         | 115,700  |
| Deposits Receivable                         | 140,000  |
| Prepaid Items                               | 1,501,530  |
| <b>Total Assets</b>                         | <b>13,298,390</b>  |
| <b>Liabilities</b>                          |  |
| Current Liabilities:                        |  |
| Salaries and Benefits Payable               | 3,315  |
| Payroll Deductions and Withholdings Payable | 1,274  |
| Accounts Payable                            | 21,482   |
| Due to Other Agencies                       | 338  |
| Estimated Insurance Claims Payable          | 2,835,290  |
| Total Current Liabilities                   | 2,861,699  |
| Noncurrent Liabilities:                     |  |
| Estimated Insurance Claims Payable          | 6,908,918  |
| <b>Total Liabilities</b>                    | <b>9,770,617</b>   |
| <b>Net Position</b>                         |  |
| Unrestricted                                | <b>\$ 3,527,773</b>  |

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, 2017**

|                                 | <b>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</b> |
|---------------------------------|--|
| <b>Operating Revenues</b>       |  |
| Charges for Services            | \$ 4,471,423   |
| <b>Operating Expenses</b>       |  |
| Salaries                        | 111,113  |
| Employee Benefits               | 28,652   |
| Purchased Services              | 1,918,139  |
| Claim Expense                   | 2,784,405  |
| Other                           | 29,635   |
| <b>Total Operating Expenses</b> | <u>4,871,944</u>   |
| <b>Operating Loss</b>           | (400,521)  |
| <b>Nonoperating Revenue</b>     |  |
| Investment Income               | <u>63,798</u>  |
| <b>Change in Net Position</b>   | (336,723)  |
| <b>Net Position - Beginning</b> | <u>3,864,496</u>   |
| <b>Net Position - Ending</b>    | <u><u>\$ 3,527,773</u></u>   |

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

**MARION COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

|   | <b>Governmental<br/>Activities -<br/>Internal<br/>Service Fund</b> |
|---|--|
| <b>Cash Flows from Operating Activities</b>   |  |
| Cash Received from Interfund Services Provided  | \$ 4,471,423   |
| Cash Payments to Suppliers for Goods and Services   | (3,412,427)  |
| Cash Payments to Employees for Services   | (139,585)  |
| Cash Payments for Insurance Claim Payments  | (2,324,106)  |
| Cash Payments for Other Operating Activities  | (171,778)  |
| <b>Net Cash Used by Operating Activities</b>  | <b>(1,576,473)</b>   |
| <b>Cash Flows from Investing Activities</b>   |  |
| Sale of Investments   | 440,035  |
| Investment Income   | 63,798   |
| <b>Net Cash Provided by Investing Activities</b>  | <b>503,833</b>   |
| <b>Net Decrease in Cash</b>   | <b>(1,072,640)</b>   |
| <b>Cash, Beginning of Year</b>  | <b>4,301,939</b>   |
| <b>Cash, End of Year</b>  | <b>\$ 3,229,299</b>  |
| <b><u>Reconciliation of Operating Loss to Net Cash Used by<br/>Operating Activities</u></b> |  |
| Operating Loss  | \$ (400,521)   |
| Adjustments to Reconcile Operating Loss to<br>Net Cash Used by Operating Activities:        |  |
| Changes in Assets and Liabilities:  |  |
| Increase in Accounts Receivable   | (110,941)  |
| Increase in Prepaid Items   | (1,494,288)  |
| Increase in Salaries and Benefits Payable   | 99   |
| Increase in Payroll Deductions and Withholdings Payable                                     | 44   |
| Decrease in Accounts Payable  | (31,202)   |
| Increase in Due to Other Agencies   | 37   |
| Increase in Estimated Insurance Claims Payable  | 460,299  |
| <b>Net Cash Used by Operating Activities</b>  | <b>\$ (1,576,473)</b>  |

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, 2017**

|                                       | <u>Private-Purpose<br/>Trust Fund</u> | <u>Agency<br/>Funds</u>    |
|---------------------------------------|---------------------------------------|----------------------------|
| <b>ASSETS</b>                         |                                       |                            |
| Cash                                  | \$ -                                  | \$ 4,120,944               |
| Investments                           | <u>481,622</u>                        | <u>-</u>                   |
| <b>TOTAL ASSETS</b>                   | <u><u>\$ 481,622</u></u>              | <u><u>\$ 4,120,944</u></u> |
| <b>LIABILITIES</b>                    |                                       |                            |
| School Internal Accounts Payable      |                                       | <u><u>\$ 4,120,944</u></u> |
| <b>NET POSITION</b>                   |                                       |                            |
| Held in Trust for Silver River Museum | <u>\$ 481,622</u>                     |                            |
| <b>TOTAL NET POSITION</b>             | <u><u>\$ 481,622</u></u>              |                            |

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, 2017**

|                                 | <u>Private-Purpose<br/>Trust Fund</u> |
|---------------------------------|---------------------------------------|
| <b>ADDITIONS</b>                |                                       |
| <b>Investment Earnings:</b>     |                                       |
| Investment Income               | \$ 31,095                             |
| <b>DEDUCTIONS</b>               |                                       |
| Other Expense                   | <u>11,964</u>                         |
| <b>Change in Net Position</b>   | 19,131                                |
| <b>Net Position - Beginning</b> | <u>462,491</u>                        |
| <b>Net Position - Ending</b>    | <u><u>\$ 481,622</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, 2017**

**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 II.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, 2017**

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, 2017. 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, 2017**

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 – Other Capital Projects Fund – to account for financial resources primarily generated in prior years from issuances of certificates of participation and collection of impact fees and a voter approved capital outlay sales surtax, to be used for educational capital outlay needs.

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

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

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service 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, 2017**

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.

The Foundation and charter schools both follow accounting standards set by the Governmental Accounting Standards Board (GASB).

**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, 2017**

**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, 2017**

| Sector   | Sector<br>Maximum<br>(%) | Per Issuer<br>Maximum<br>(%) | Minimum Ratings Requirement<br>(Moody's or Standard and Poor's)      | Maximum<br>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<br>Debt                      | 20%                      | --                           | Aa or AA for long-term debt or MIG-<br>1 or SP-1 for short-term debt | 3 years             |
| Registered Investment<br>Companies (money market<br>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<br>Pools                      | 25%                      | --                           | AAAm or AAAm-G   | --                  |

Types and amounts of investments held at fiscal year-end are described in Note II.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, 2017**

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

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

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

Current year information relative to changes in capital assets is described in Note II.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 two items that qualify for reporting in this category. They are the deferred amount on refunding reported in the government-wide statement of net position and the deferred amount on pension liabilities for Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) pension plans. 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. A deferred amount on pension results from the recognition for the District's proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to the pension plans.

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 only one type of item, which arises from the FRS and HIS pensions, that qualifies for

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 II.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 II.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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

**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, 2017.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent 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



**MARION COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2017**

for an anticipated budget shortfall in the 2017-18 fiscal year along with unexpended insurance proshare funds.

**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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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 II.K.1.

**3. District Property Taxes**

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

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

The Board adopted the 2016 tax levy on September 6, 2016. 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 II.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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

premiums. Operating expenses include insurance claims and excess coverage premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**II. 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, 2017**

**B. Investments**

As of June 30, 2017, the District had the following investments and maturities:

| Security Type  | Duration<br>Year | Credit<br>Rating (1) | Fair Value                  | Fair Value<br>Measurement (3) |
|--|------------------|----------------------|-----------------------------|-------------------------------|
| <u>Primary Government</u>                              |                  |                      |                             |                               |
| State Board of Administration (SBA):                   |                  |                      |                             |                               |
| Florida PRIME  | 0.11             | AAAm                 | \$ 2,302,674                | n/a                           |
| Debt Service Accounts                                  | 0.50             | AAAm                 | 41,348                      | 1                             |
| U.S. Treasury Notes                                    | 2.05             | AA+                  | 13,501,540                  | 2                             |
| Federal Home Loan Bank (FHLB)                          | 1.41             | AA+                  | 4,723,237                   | 2                             |
| Federal National Mortgage Association (FNMA)           | 1.83             | AA+                  | 2,269,151                   | 2                             |
| Federal Home Loan Mortgage (FHLMC)                     | 1.66             | AA+                  | 1,552,085                   | 2                             |
| Money Market Funds                                     | n/a              | AAAm                 | 41,750,702                  | n/a                           |
| Corporate Bonds  | 0.97             | AA- - AA+            | 2,000,693                   | 2                             |
| Municipal Obligations                                  | 1.11             | A+                   | 247,809                     | 3                             |
| Total Investments, Primary Government                  |                  |                      | <u>68,389,239</u>           |                               |
| <u>Fiduciary Funds</u>                                 |                  |                      |                             |                               |
| Money Market Funds                                     | n/a              | AAAm                 | 58,793                      | 1                             |
| Common Stock   | n/a              | n/a                  | 216,089                     | 1                             |
| Other Equities   | n/a              | n/a                  | 70,450                      | 1                             |
| Fixed Income Securities - Short Term Bond Market       |                  | AAA to<br>Below B    | 136,290                     | 1                             |
| Total Investments, Fiduciary Funds                     |                  |                      | <u>481,622</u>              |                               |
| <u>Component Units</u>                                 |                  |                      |                             |                               |
| Public Education Foundation of Marion County, Inc. (2) |                  |                      | 611,814                     |                               |
| <b>Total Investments</b>                               |                  |                      | <u><u>\$ 69,482,675</u></u> |                               |
| Presented as Investments in the Financial Statements:  |                  |                      |                             |                               |
| Governmental Funds                                     |                  |                      | \$ 60,077,378               |                               |
| Proprietary Fund                                       |                  |                      | 8,311,861                   |                               |
| Fiduciary Funds  |                  |                      | 481,622                     |                               |
| Component Units  |                  |                      | 611,814                     |                               |
| <b>Total Investments</b>                               |                  |                      | <u><u>\$ 69,482,675</u></u> |                               |

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.

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

➤ **Interest Rate Risk**

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

The District utilizes duration as a measurement of interest rate risk and as of June 30, 2017, the investment portfolio had a weighted average duration of 1.80 years.

Florida PRIME had weighted average days to maturity (WAM) of 39 days at June 30, 2017. 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, 2017, 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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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 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, 2017, 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.

More than 5 percent of the primary government's investments are in Federal Home Loan Bank Notes. These investments are 7 percent of total investments, and 74 percent, 12 percent, 12 percent, and 10 percent of investments in the General Fund, Special Revenue – Food Service Fund, Capital Projects – Other Capital Projects Fund, and Internal Service Fund, respectively.

➤ **Endowment Investments**

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

➤ **Foreign Currency Risk**

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

**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, 2017, and were susceptible to accrual. Below is a schedule of due from other agencies at June 30, 2017:

**MARION COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2017**

| Funds/Source   | Amount              |
|--|---------------------|
| Major Governmental Funds:                                |                     |
| General:   |                     |
| United States Department of Defense:                     |                     |
| Air Force ROTC   | \$ 10,888           |
| Army ROTC  | 12,214              |
| State of Florida:  |                     |
| Medicaid Outreach  | 71,004              |
| Marion County Tax Collector:                             |                     |
| Unremitted Property Taxes                                | 116,311             |
| Other Agencies:  |                     |
| Miscellaneous  | 394,118             |
| Special Revenue - Food Service:                          |                     |
| Florida Department of Agriculture and Consumer Services: |                     |
| Food Service Program                                     | 222,838             |
| Special Revenue - Other Federal Programs:                |                     |
| Florida Department of Education:                         |                     |
| Federal Grant Reimbursements                             | 1,030,300           |
| Other Agencies:  |                     |
| Grant Reimbursements                                     | 146,089             |
| Nonmajor Governmental Funds:                             |                     |
| Capital Projects - Public Education Capital Outlay:      |                     |
| Florida Department of Education:                         |                     |
| Public Education Capital Outlay                          | 1,078,965           |
| Other Agencies:  |                     |
| Miscellaneous  | 17,169              |
| Capital Projects - Capital Outlay and Debt Service:      |                     |
| Florida Department of Education:                         |                     |
| Capital Outlay and Debt Service                          | 14,503              |
| Capital Projects - Nonvoted Capital Improvement Fund     |                     |
| Marion County Tax Collector:                             |                     |
| Unremitted Property Taxes                                | 29,008              |
| <b>Total Due From Other Agencies</b>                     | <b>\$ 3,143,407</b> |

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**D. Changes in Capital Assets**

Changes in capital assets are presented in the table below:

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>      | <b>Deletions</b>    | <b>Ending<br/>Balance</b> |
|--|------------------------------|-----------------------|---------------------|---------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                     |                              |                       |                     |                           |
| Capital Assets Not Being Depreciated:              |                              |                       |                     |                           |
| Land   | \$ 14,013,836                | \$ -                  | \$ -                | \$ 14,013,836             |
| Construction in Progress                           | 3,267,672                    | 5,331,141             | 5,363,002           | 3,235,811                 |
| Total Capital Assets Not Being Depreciated         | 17,281,508                   | 5,331,141             | 5,363,002           | 17,249,647                |
| Capital Assets Being Depreciated:                  |                              |                       |                     |                           |
| Improvements Other Than Buildings                  | 6,136,746                    | 2,148,942             | -                   | 8,285,688                 |
| Buildings and Fixed Equipment                      | 691,747,836                  | 3,214,060             | 79,564              | 694,882,332               |
| Furniture, Fixtures, and Equipment                 | 38,803,192                   | 4,614,230             | 1,496,870           | 41,920,552                |
| Motor Vehicles                                     | 35,431,122                   | 2,122,010             | 1,139,340           | 36,413,792                |
| Audio Visual Materials and<br>Computer Software    | 3,062,246                    | -                     | -                   | 3,062,246                 |
| Total Capital Assets Being Depreciated             | 775,181,142                  | 12,099,242            | 2,715,774           | 784,564,610               |
| Less Accumulated Depreciation for:                 |                              |                       |                     |                           |
| Improvements Other Than Buildings                  | 4,524,242                    | 104,788               | -                   | 4,629,030                 |
| Buildings and Fixed Equipment                      | 200,322,518                  | 14,588,368            | 63,190              | 214,847,696               |
| Furniture, Fixtures, and Equipment                 | 26,953,287                   | 2,688,348             | 1,406,985           | 28,234,650                |
| Motor Vehicles                                     | 26,688,157                   | 1,517,486             | 1,139,340           | 27,066,303                |
| Audio Visual Materials and<br>Computer Software    | 3,056,421                    | 5,825                 | -                   | 3,062,246                 |
| Total Accumulated Depreciation                     | 261,544,625                  | 18,904,815            | 2,609,515           | 277,839,925               |
| Total Capital Assets Being Depreciated, Net        | 513,636,517                  | (6,805,573)           | 106,259             | 506,724,685               |
| <b>Governmental Activities Capital Assets, Net</b> | <b>\$ 530,918,025</b>        | <b>\$ (1,474,432)</b> | <b>\$ 5,469,261</b> | <b>\$ 523,974,332</b>     |



**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

Depreciation expense was charged to functions as follows:

| Function  | Amount              |
|---|---------------------|
| GOVERNMENTAL ACTIVITIES                                     |                     |
| Instruction   | \$15,447,347        |
| Student Personnel Services                                  | 3,822               |
| Instructional Media Services                                | 40,196              |
| Instruction and Curriculum Development                      | 13,215              |
| Instructional Staff Training Services                       | 6,378               |
| Instruction Related Technology                              | 28,908              |
| General Administration                                      | 3,456               |
| School Administration                                       | 17,525              |
| Facility Services   | 552,614             |
| Fiscal Services   | 5,877               |
| Food Services   | 720,541             |
| Central Services  | 33,386              |
| Student Transportation Services                             | 1,467,665           |
| Operation of Plant  | 74,642              |
| Maintenance of Plant  | 70,257              |
| Administrative Technology Services                          | 418,986             |
| <b>Total Depreciation Expense - Governmental Activities</b> | <b>\$18,904,815</b> |

**E. Retirement Plans – Defined Benefit Pension**

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, 2017**

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 \$26,317,279 for the fiscal year ended June 30, 2017.

**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)  
JUNE 30, 2017**

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 2016-17 fiscal year were as follows:

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

| <u>Class</u>  | <u>Percent of Gross Salary</u> |                     |
|---|--------------------------------|---------------------|
|   | <u>Employee</u>                | <u>Employer (A)</u> |
| Florida Retirement System, Regular  | 3.00                           | 7.52                |
| Florida Retirement System, Elected County Officers  | 3.00                           | 42.47               |
| Deferred Retirement Option Program - Applicable to<br>Members from All of the Above Classes | 0.00                           | 12.99               |
| 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 \$13,201,646 for the fiscal year ended June 30, 2017.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2017, the District reported a liability of \$128,130,941 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.507447693 percent, which was a decrease of 0.014540468 percent from its proportionate share measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized the Plan pension expense of \$18,906,756. At June 30, 2017, 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and<br>actual experience   | \$ 9,810,690                              | \$ 1,192,986                             |
| Change of assumptions   | 7,751,538                                 | -  |
| Net difference between projected and actual<br>earnings on FRS pension plan investments                                 | 33,120,286                                | -  |
| Changes in proportion and differences between<br>District FRS contributions and proportionate<br>share of contributions | -   | 3,064,715                                |
| District FRS contributions subsequent to<br>the measurement date  | 13,201,646                                | -  |
| Total   | <u>\$ 63,884,160</u>                      | <u>\$ 4,257,701</u>                      |

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

The deferred outflows of resources related to pensions totaling \$13,201,646 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, 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:

| <u>Fiscal Year Ending June 30</u> | <u>Amortization</u>  |
|-----------------------------------|----------------------|
| 2018                              | \$ 6,110,901         |
| 2019                              | 6,110,901            |
| 2020                              | 19,023,244           |
| 2021                              | 13,022,822           |
| 2022                              | 1,647,204            |
| Thereafter                        | 509,741              |
| Total                             | <u>\$ 46,424,813</u> |

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

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

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. As a result of the 2016 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 7.65 percent to 7.60 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:

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

| Asset Class              | Target<br>Allocation (1) | Annual<br>Arithmetic<br>Return | Compound<br>Annual<br>(Geometric)<br>Return | Standard<br>Deviation |
|--------------------------|--------------------------|--------------------------------|---|-----------------------|
| Cash                     | 1.00%                    | 3.0%                           | 3.0%  | 1.7%                  |
| Fixed Income             | 18.00%                   | 4.7%                           | 4.6%  | 4.6%                  |
| Global Equity            | 53.00%                   | 8.1%                           | 6.8%  | 17.2%                 |
| Real Estate (Property)   | 10.00%                   | 6.4%                           | 5.8%  | 12.0%                 |
| Private Equity           | 6.00%                    | 11.5%                          | 7.8%  | 30.0%                 |
| Strategic Investments    | 12.00%                   | 6.1%                           | 5.6%  | 11.1%                 |
| <b>Total</b>             | <b>100.00%</b>           |                                |   |                       |
| Assumed inflation - Mean |                          |                                | 2.6%  | 1.9%                  |

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.6 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.

**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 7.6 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 (6.6 percent) or 1-percentage-point higher (8.6 percent) than the current rate:

|  | 1%<br>Decrease<br>6.60% | Current<br>Discount Rate<br>7.60% | 1%<br>Increase<br>8.60% |
|--|-------------------------|-----------------------------------|-------------------------|
| District's proportionate share of<br>the net pension liability | \$ 235,897,737          | \$ 128,130,941                    | \$ 38,429,315           |

**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.

**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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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, 2017, 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, 2017, 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 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.

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

The District's contributions to the HIS defined-benefit pension plan totaled \$3,816,327 for the fiscal year ended June 30, 2017.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2017, the District reported a net pension liability of \$84,531,698 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on 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, 2016, the District's proportionate share was 0.725308478 percent, which was an increase of 0.035119416 percent from its proportionate share measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized HIS Plan pension expense of \$7,410,523. At June 30, 2017, 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ -                                      | \$ 192,532                               |
| Change of assumptions   | 13,265,173                                | -  |
| Net difference between projected and actual earnings on HIS pension plan investments                                  | 42,741                                    | -  |
| Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions | 3,247,511                                 | 620,546                                  |
| District contributions subsequent to the measurement date   | 3,816,327                                 | -  |
| Total   | <u>\$ 20,371,752</u>                      | <u>\$ 813,078</u>                        |

The deferred outflows of resources totaling \$3,816,327 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:

| <u>Fiscal Year Ending June 30</u> | <u>Amortization</u>  |
|-----------------------------------|----------------------|
| 2018                              | \$ 2,737,207         |
| 2019                              | 2,737,207            |
| 2020                              | 2,729,068            |
| 2021                              | 2,725,162            |
| 2022                              | 2,528,289            |
| Thereafter                        | 2,285,414            |
| Total                             | <u>\$ 15,742,347</u> |



**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

|                     |  |
|---------------------|--|
| Inflation           | 2.60 percent   |
| Salary Increases    | 3.25 percent, average, including inflation                               |
| Municipal Bond Rate | 2.85 percent, 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 2.85 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2016 valuation was updated from 3.8 percent to 2.85 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 2.85 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

|  | 1%<br>Decrease<br>1.85% | Current<br>Discount Rate<br>2.85% | 1%<br>Increase<br>3.85% |
|--|-------------------------|-----------------------------------|-------------------------|
| District's proportionate share of<br>the net pension liability | <u>\$ 96,977,063</u>    | <u>\$ 84,531,698</u>              | <u>\$ 74,202,725</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.

**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

**MARION COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2017**

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 2016-17 fiscal year were as follows

| <u>Class</u>                 | <u>Percent of<br/>Gross<br/>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 members. For the fiscal year ended June 30, 2017, 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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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 \$2,221,460 for the fiscal year ended June 30, 2017.

**F. Other Postemployment Benefit Obligations**

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

**Funding Policy.** The OPEB Plan contribution requirements of the District and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2016-17 fiscal year, 482 retirees received other postemployment benefits. The District provided required contributions of \$1,546,160 toward the annual OPEB cost, net of retiree contributions totaling \$3,068,858, which represents 1.61 percent of covered payroll.

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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

| Description  | Amount               |
|--|----------------------|
| Normal Cost (service cost for one year)              | \$ 1,511,820         |
| Amortization of Unfunded Actuarial Accrued Liability | 1,354,029            |
| Annual Required Contribution                         | 2,865,849            |
| Interest on Net OPEB Obligation                      | 1,374,155            |
| Adjustment to Annual Required Contribution           | (1,641,823)          |
| Annual OPEB Cost (Expense)                           | 2,598,181            |
| Contribution Toward the OPEB Cost                    | (1,546,160)          |
| Increase in Net OPEB Obligation                      | 1,052,021            |
| Net OPEB Obligation, Beginning of Year               | 34,353,868           |
| Net OPEB Obligation, End of Year                     | <u>\$ 35,405,889</u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2017, and the two preceding fiscal years, were as follows:

| Fiscal Year | Annual<br>OPEB Cost | Percentage of<br>Annual<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|-------------|---------------------|---|------------------------|
| 2014-15     | \$ 3,625,833        | 44.81%  | \$ 33,333,360          |
| 2015-16     | 2,487,972           | 58.98%  | 34,353,868             |
| 2016-17     | 2,598,181           | 59.51%  | 35,405,889             |

**Funded Status and Funding Progress.** As of January 1, 2016, the most recent valuation date, the actuarial accrued liability for benefits was \$26,842,327, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$26,842,327 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$190,963,029, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14.06 percent.

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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

The District's OPEB actuarial valuation as of January 1, 2016, used the entry age normal actuarial cost method to estimate the unfunded actuarial liability as of June 30, 2017, and to estimate the District's 2016-17 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, and an annual healthcare cost trend rate of 6.5 percent initially beginning January 1, 2016, reduced annually to an ultimate rate of 4.34 percent after 23 years. The investment rate of return and payroll growth rate include a general price inflation of 2.5 percent. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a 30-year period. The remaining amortization period at June 30, 2017, was 21 years.

**G. Net Position - Net Investment in Capital Assets**

In the government-wide Statement of Net Position, the difference between total assets and total liabilities is net position. Generally accepted accounting principles require that net position be subdivided into the following three components: Net investment in capital assets, restricted net position, and unrestricted net position. The composition of net investment in capital assets as of June 30, 2017, is shown in the table below:

| <u>Description</u>                                    | <u>Amount</u>                |
|---|------------------------------|
| Total Capital Assets, Net of Accumulated Depreciation | \$ 523,974,332               |
| Less related Debt, Net of Unspent Proceeds:           |                              |
| Certificates of Participation Payable                 | \$ 82,905,000                |
| Bonds Payable   | 4,116,000                    |
| Note Payable  | 2,984,000                    |
| Unamortized Debt Premiums                             | 3,877,967                    |
| Deferred Amount on Refunding                          | (2,307,057)                  |
| Construction and Retainage Payable                    | 1,877,652                    |
| Prepaid Insurance on Refunding Debt                   | (94,245)                     |
| Total Related Debt, Net of Unspent Proceeds           | <u>(93,359,317)</u>          |
| Net Investment in Capital Assets                      | <u><u>\$ 430,615,015</u></u> |

**MARION COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2017**

**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 \$9,744,208 was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2017.

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<br/>Liability</u> | <u>Claims and<br/>Changes in<br/>Estimates</u> | <u>Payments</u> | <u>Fiscal<br/>Year-End</u> |
|--------------------|----------------------------------|--|-----------------|----------------------------|
| 2015-16            | \$ 9,751,847                     | \$ 1,726,508                                   | \$ (2,194,446)  | \$ 9,283,909               |
| 2016-17            | 9,283,909                        | 2,784,405                                      | (2,324,106)     | 9,744,208                  |

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

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

**MARION COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2017**

**I. Long-Term Liabilities**

**1. Certificates of Participation**

Certificates of participation at June 30, 2017, are as follows:

| Series                              | Amount<br>Outstanding | Interest<br>Rates<br>(Percent) | Lease<br>Term<br>Maturity | Original<br>Amount    |
|-------------------------------------|-----------------------|--------------------------------|---------------------------|-----------------------|
| Series 2009A                        | \$ 2,190,000          | 4.75                           | 2018                      | \$ 21,420,000         |
| Series 2012                         | 14,315,000            | 2.55                           | 2023                      | 23,005,000            |
| Series 2014                         | 28,270,000            | 2.77                           | 2025                      | 37,380,000            |
| Series 2015                         | 5,270,000             | 2.36                           | 2023                      | 6,975,000             |
| Series 2015B                        | 32,860,000            | 3.13                           | 2027                      | 32,860,000            |
| Total Certificates of Participation | <u>\$ 82,905,000</u>  |                                |                           | <u>\$ 121,640,000</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.

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

| 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  | Hammett 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, 2017:

| Fiscal Year Ending June 30   | Total                | Principal            | Interest             |
|------------------------------|----------------------|----------------------|----------------------|
| 2018                         | \$ 13,997,052        | \$ 11,070,000        | \$ 2,927,052         |
| 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            |
| 2023-2027                    | 36,418,672           | 33,225,000           | 3,193,672            |
| Total Minimum Lease Payments | <u>\$ 97,313,194</u> | <u>\$ 82,905,000</u> | <u>\$ 14,408,194</u> |

**2. Bonds Payable**

Bonds payable at June 30, 2017, are as follows:

| Bond Type               | Amount<br>Outstanding | Interest<br>Rates<br>(Percent) | Annual<br>Maturity<br>To | Original<br>Amount  |
|-------------------------|-----------------------|--------------------------------|--------------------------|---------------------|
| State School Bonds:     |                       |                                |                          |                     |
| Series 2009A, Refunding | \$ 125,000            | 5                              | 2019                     | \$ 520,000          |
| Series 2010A, Refunding | 85,000                | 4-5                            | 2021                     | 180,000             |
| Series 2011A, Refunding | 720,000               | 3-5                            | 2023                     | 2,840,000           |
| Series 2014A, Refunding | 746,000               | 3-5                            | 2025                     | 895,000             |
| Series 2014B, Refunding | 139,000               | 2-5                            | 2020                     | 396,000             |
| District Revenue Bonds: |                       |                                |                          |                     |
| Series 2013, Refunding  | <u>2,301,000</u>      | 3.66                           | 2031                     | <u>2,725,500</u>    |
| Total Bonds Payable     | <u>\$ 4,116,000</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:



**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

➤ **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.

➤ **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 \$2,987,998 of pari-mutuel tax proceeds in connection with the District Revenue Bonds of 2013, described above. During the 2016-17 fiscal year, the District recognized pari-mutuel tax proceeds totaling \$223,250 and expended \$223,250 (100 percent) of these revenues for debt service directly collateralized by these revenues. The pledged pari-mutuel tax proceeds are committed until final maturity of the debt on December 1, 2032. Approximately 100 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

Annual requirements to amortize all bonded debt outstanding as of June 30, 2017, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Total</u>        | <u>Principal</u>    | <u>Interest</u>   |
|-----------------------------------|---------------------|---------------------|-------------------|
| State School Bonds:               |                     |                     |                   |
| 2018                              | \$ 447,330          | \$ 365,000          | \$ 82,330         |
| 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            |
| 2023-2025                         | 489,750             | 460,000             | 29,750            |
| Total State School Bonds          | <u>2,106,590</u>    | <u>1,815,000</u>    | <u>291,590</u>    |
| District Revenue Bonds:           |                     |                     |                   |
| 2018                              | 199,076             | 117,000             | 82,076            |
| 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            |
| 2023-2027                         | 993,936             | 756,000             | 237,936           |
| 2028-2031                         | 995,050             | 911,000             | 84,050            |
| Total District Revenue Bonds      | <u>2,987,998</u>    | <u>2,301,000</u>    | <u>686,998</u>    |
| Total                             | <u>\$ 5,094,588</u> | <u>\$ 4,116,000</u> | <u>\$ 978,588</u> |

**3. Note Payable**

The note payable at June 30, 2017, is as follows:

| <u>Note Payable</u> | <u>Amount<br/>Outstanding</u> | <u>Interest<br/>Rates<br/>(Percent)</u> | <u>Annual<br/>Maturity<br/>To</u> | <u>Original<br/>Amount</u> |
|---------------------|-------------------------------|---|-----------------------------------|----------------------------|
| Bus Purchase        | \$ 2,984,000                  | 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:

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

| <u>Fiscal Year Ending June 30</u> | <u>Total</u>        | <u>Principal</u>    | <u>Interest</u>  |
|-----------------------------------|---------------------|---------------------|------------------|
| 2018                              | \$ 1,025,061        | \$ 979,000          | \$ 46,061        |
| 2019                              | 1,025,949           | 995,000             | 30,949           |
| 2020                              | 1,025,590           | 1,010,000           | 15,590           |
| Total                             | <u>\$ 3,076,600</u> | <u>\$ 2,984,000</u> | <u>\$ 92,600</u> |

**4. Changes in Long-Term Liabilities**

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

| <u>Description</u>                    | <u>Beginning<br/>Balance</u> | <u>Additions</u>      | <u>Deductions</u>    | <u>Ending<br/>Balance</u> | <u>Due In<br/>One Year</u> |
|---------------------------------------|------------------------------|-----------------------|----------------------|---------------------------|----------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>        |                              |                       |                      |                           |                            |
| Debt Related to Capital Assets:       |                              |                       |                      |                           |                            |
| Certificates of Participation Payable | \$ 93,700,000                | \$ -                  | \$ 10,795,000        | \$ 82,905,000             | \$ 11,070,000              |
| Bonds Payable                         | 4,584,000                    | -                     | 468,000              | 4,116,000                 | 482,000                    |
| Note Payable                          | 3,949,000                    | -                     | 965,000              | 2,984,000                 | 979,000                    |
| Premiums                              | 4,290,577                    | -                     | 412,610              | 3,877,967                 | -                          |
| Total Capital Asset Related Debt      | 106,523,577                  | -                     | 12,640,610           | 93,882,967                | 12,531,000                 |
| Compensated Absences Payable          | 32,474,701                   | 3,406,434             | 3,266,418            | 32,614,717                | 3,347,202                  |
| Other Postemployment Benefits Payable | 34,353,868                   | 2,598,181             | 1,546,160            | 35,405,889                | -                          |
| Estimated Insurance Claims Payable    | 9,283,909                    | 2,784,405             | 2,324,106            | 9,744,208                 | 2,835,290                  |
| Net Pension Liability:                |                              |                       |                      |                           |                            |
| Florida Retirement System             | 67,421,772                   | 88,934,544            | 28,225,375           | 128,130,941               | -                          |
| Health Insurance Subsidy              | 70,388,427                   | 24,249,853            | 10,106,582           | 84,531,698                | 2,437,019                  |
| <b>Total Governmental Activities</b>  | <u>\$ 320,446,254</u>        | <u>\$ 121,973,417</u> | <u>\$ 58,109,251</u> | <u>\$ 384,310,420</u>     | <u>\$ 21,150,511</u>       |

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 II.H.

**5. Deferred Outflow / Inflow of Resources**

The components of deferred inflow and outflow are:

| <u>Description</u>                     | <u>Beginning<br/>Balance</u> | <u>Change</u>          | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------------|---------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>         |                              |                        |                           |
| Non-pension Related Deferred Outflows: |                              |                        |                           |
| Deferred Amount on Refunding           | \$ 2,607,371                 | \$ (300,314)           | \$ 2,307,057              |
| Pension Related Deferred Outflows:     |                              |                        |                           |
| Florida Retirement System              | \$ 24,043,213                | \$ 39,840,947          | \$ 63,884,160             |
| Health Insurance Subsidy               | 9,777,895                    | 10,593,857             | 20,371,752                |
| Total                                  | <u>\$ 33,821,108</u>         | <u>\$ 50,434,804</u>   | <u>\$ 84,255,912</u>      |
| Pension Related Deferred Inflows:      |                              |                        |                           |
| Florida Retirement System              | \$ 19,420,813                | \$ (15,163,112)        | \$ 4,257,701              |
| Health Insurance Subsidy               | 768,296                      | 44,782                 | 813,078                   |
| Total                                  | <u>\$ 20,189,109</u>         | <u>\$ (15,118,330)</u> | <u>\$ 5,070,779</u>       |

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**J. Fund Balance Reporting**

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

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

**K. Revenues**

**1. Schedule of State Revenue Sources**

The following is a schedule of the District's State revenue sources for the 2016-17 fiscal year:

| Source  | Amount                       |
|---|------------------------------|
| Florida Education Finance Program                           | \$ 155,030,605               |
| Categorical Educational Program - Class Size Reduction      | 44,082,668                   |
| Workforce Development Program                               | 3,901,140                    |
| Voluntary Prekindergarten Program                           | 1,495,870                    |
| Public Education Capital Outlay                             | 1,378,965                    |
| Motor Vehicle License Tax (Capital Outlay and Debt Service) | 1,136,373                    |
| District Discretionary Lottery Funds                        | 674,431                      |
| Food Service Supplement                                     | 383,644                      |
| School Recognition  | 267,750                      |
| State License Tax   | 235,857                      |
| Charter School Capital Outlay                               | 188,057                      |
| Workforce Education Performance Incentive                   | 137,103                      |
| Miscellaneous   | 1,847,634                    |
| Total   | <u><u>\$ 210,760,097</u></u> |

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

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**2. Property Taxes**

The following is a summary of millages and taxes budgeted from the 2016 tax roll for the 2016-17 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>Millages</u> | <u>Taxes Budgeted</u> |
|---|-----------------|-----------------------|
| <u>GENERAL FUND</u>                             |                 |                       |
| Nonvoted School Tax:                            |                 |                       |
| Required Local Effort                           | 4.628           | \$ 76,823,701         |
| Required Local Effort - Prior Period Adjustment | 0.026           | 431,594               |
| Basic Discretionary Local Effort                | 0.748           | 12,416,622            |
| Voted School Tax:                               |                 |                       |
| Operating                                       | 1.000           | 16,599,763            |
| <u>CAPITAL PROJECTS FUNDS</u>                   |                 |                       |
| Nonvoted Tax:                                   |                 |                       |
| Local Capital Improvement                       | 1.500           | 24,899,644            |
| Total   | <u>7.902</u>    | <u>\$ 131,171,324</u> |

**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 \$481,622 with \$71,622 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:

| <u>Funds</u>           | <u>Interfund</u>     |                      |
|------------------------|----------------------|----------------------|
|                        | <u>Transfers In</u>  | <u>Transfers Out</u> |
| Major:                 |                      |                      |
| General                | \$ 5,851,517         | \$ 21,594            |
| Special Revenue:       |                      |                      |
| Food Service           | 21,594               | -                    |
| Capital Projects:      |                      |                      |
| Other Capital Projects | -                    | 377,605              |
| Nonmajor Governmental  | 15,115,170           | 20,589,082           |
| Total                  | <u>\$ 20,988,281</u> | <u>\$ 20,988,281</u> |

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.

**MARION COUNTY DISTRICT SCHOOL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

| Funds                                    | Interfund         |                   |
|--|-------------------|-------------------|
|  | Due From          | Due To            |
| Major:                                   |                   |                   |
| General                                  | \$ 845,399        | \$ -              |
| Special Revenue - Other Federal Programs | -                 | 828,230           |
| Nonmajor Governmental:                   | -                 | 17,169            |
| Total                                    | <u>\$ 845,399</u> | <u>\$ 845,399</u> |

The interfund receivables and payables are temporary in nature and were to offset pooled cash positions.

**III. 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, 2017**

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>      | <b>Variance with<br/>Final Budget</b> |
|--|----------------------------|-------------------------|--------------------|---------------------------------------|
| <b>Revenues</b>  |                            |                         |                    |                                       |
| Federal Direct:  |                            |                         |                    |                                       |
| Reserve Officers Training Corps                        | \$ 478,135                 | \$ 478,135              | \$ 489,275         | \$ 11,140                             |
| Federal Through State:                                 |                            |                         |                    |                                       |
| Medicaid   | 2,600,000                  | 2,806,000               | 2,537,381          | (268,619)                             |
| National Forest Funds                                  | 100,000                    | 153,100                 | 141,451            | (11,649)                              |
| Miscellaneous Federal Through State                    | 100                        | 11,586                  | 11,586             | -                                     |
| Total Federal Through State                            | 2,700,100                  | 2,970,686               | 2,690,418          | (280,268)                             |
| State:   |                            |                         |                    |                                       |
| Florida Education Finance Program                      | 156,326,804                | 155,030,602             | 155,030,605        | 3                                     |
| Workforce Development Program                          | 3,901,140                  | 3,901,140               | 3,901,140          | -                                     |
| Workforce Education Performance Incentive              | 130,000                    | 137,103                 | 137,103            | -                                     |
| CO&DS Withheld for Administrative Expense              | 26,000                     | 26,000                  | 24,095             | (1,905)                               |
| Discretionary Lottery Funds                            | -                          | 674,697                 | 674,431            | (266)                                 |
| Class Size Reduction - Operating Funds                 | 43,508,778                 | 44,081,412              | 44,082,668         | 1,256                                 |
| School Recognition Funds                               | 1,852,683                  | 267,750                 | 267,750            | -                                     |
| Voluntary Prekindergarten Program                      | 1,458,705                  | 1,458,705               | 1,495,870          | 37,165                                |
| Other State:   |                            |                         |                    |                                       |
| State License Tax                                      | 250,000                    | 250,000                 | 235,857            | (14,143)                              |
| Miscellaneous State Revenue                            | 366,500                    | 767,431                 | 1,022,620          | 255,189                               |
| Total State  | 207,820,610                | 206,594,840             | 206,872,139        | 277,299                               |
| Local:   |                            |                         |                    |                                       |
| District School Taxes                                  | 106,271,680                | 106,090,503             | 106,391,683        | 301,180                               |
| Tax Redemptions  | 500,000                    | 557,621                 | 823,059            | 265,438                               |
| Tuition  | -                          | -                       | 25,077             | 25,077                                |
| Rent   | 300,000                    | 400,000                 | 106,105            | (293,895)                             |
| Investment Income                                      | 100,000                    | 417,185                 | 448,584            | 31,399                                |
| Net Decrease in Fair Value of Investments              | -                          | -                       | (50,464)           | (50,464)                              |
| Gifts, Grants, and Bequests                            | -                          | 33,282                  | 33,652             | 370                                   |
| Adult General Education Course Fees                    | 65,000                     | 65,000                  | 51,538             | (13,462)                              |
| Postsecondary Vocational Course Fees                   | 1,146,400                  | 1,207,856               | 1,065,704          | (142,152)                             |
| Continuing Workforce Education Course Fees             | 272,705                    | 279,043                 | 208,692            | (70,351)                              |
| Capital Improvement Fees                               | 145,800                    | 152,947                 | 58,453             | (94,494)                              |
| Postsecondary Lab Fees                                 | 929,285                    | 1,164,909               | 1,049,734          | (115,175)                             |
| Lifelong Learning Fees                                 | 452,150                    | 1,674,896               | 1,492,114          | (182,782)                             |
| General Education Testing                              | 750                        | 750                     | -                  | (750)                                 |
| Financial Aid Fees                                     | 132,764                    | 143,188                 | 118,623            | (24,565)                              |
| Other Student Fees                                     | 34,400                     | 44,875                  | 44,855             | (20)                                  |
| School Age Child Care Fees                             | 3,842,796                  | 3,842,796               | 3,861,518          | 18,722                                |
| Other Schools, Courses, and Classes Fees               | 4,200                      | 4,525                   | 4,500              | (25)                                  |
| Bus Fees   | -                          | 76,677                  | 89,982             | 13,305                                |
| Transportation Services Rendered for School Activities | 100,000                    | 100,000                 | 105,609            | 5,609                                 |
| Sale of Junk   | -                          | 28,738                  | 48,913             | 20,175                                |
| Receipt of Federal Indirect Cost Rate                  | 1,400,000                  | 1,400,000               | 1,567,680          | 167,680                               |
| Miscellaneous Local Revenues                           | 2,071,253                  | 2,959,138               | 3,367,452          | 408,314                               |
| Refunds of Prior Year Expenses                         | -                          | 35,228                  | 39,942             | 4,714                                 |
| Collection of Lost or Damaged Textbooks                | -                          | 21,291                  | 21,273             | (18)                                  |
| Receipts of Food Service Indirect Costs                | 500,000                    | 594,168                 | 720,546            | 126,378                               |
| Total Local  | 118,269,183                | 121,294,616             | 121,694,824        | 400,208                               |
| <b>Total Revenues</b>                                  | <b>329,268,028</b>         | <b>331,338,277</b>      | <b>331,746,656</b> | <b>408,379</b>                        |

**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, 2017  
(Continued)**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Variance with<br/>Final Budget</u> |
|--|----------------------------|-------------------------|--------------------|---------------------------------------|
| <b>Expenditures</b>                          |                            |                         |                    |                                       |
| Current Education:                           |                            |                         |                    |                                       |
| Instruction:                                 |                            |                         |                    |                                       |
| Salaries                                     | \$ 137,696,543             | \$ 135,959,101          | \$ 134,844,384     | \$ 1,114,717                          |
| Employee Benefits                            | 37,175,215                 | 38,632,357              | 37,844,940         | 787,417                               |
| Purchased Services                           | 15,226,360                 | 18,474,060              | 17,348,210         | 1,125,850                             |
| Energy Services                              | 20,730                     | 17,492                  | 9,614              | 7,878                                 |
| Materials and Supplies                       | 9,987,104                  | 10,252,750              | 4,312,765          | 5,939,985                             |
| Capital Outlay                               | 1,657,266                  | 6,399,802               | 5,405,672          | 994,130                               |
| Other  | 4,154,830                  | 3,328,322               | 2,723,637          | 604,685                               |
| Total Instruction                            | <u>205,918,048</u>         | <u>213,063,884</u>      | <u>202,489,222</u> | <u>10,574,662</u>                     |
| Student Personnel Services:                  |                            |                         |                    |                                       |
| Salaries                                     | 16,509,750                 | 16,296,158              | 16,179,263         | 116,895                               |
| Employee Benefits                            | 4,941,717                  | 4,947,313               | 4,710,452          | 236,861                               |
| Purchased Services                           | 2,065,526                  | 1,970,242               | 1,916,426          | 53,816                                |
| Energy Services                              | 2,000                      | 2,000                   | 1,456              | 544                                   |
| Materials and Supplies                       | 131,407                    | 117,104                 | 96,617             | 20,487                                |
| Capital Outlay                               | 26,761                     | 49,177                  | 44,114             | 5,063                                 |
| Other  | 4,500                      | 5,216                   | 1,916              | 3,300                                 |
| Total Student Personnel Services             | <u>23,681,661</u>          | <u>23,387,210</u>       | <u>22,950,244</u>  | <u>436,966</u>                        |
| Instructional Media Services:                |                            |                         |                    |                                       |
| Salaries                                     | 3,516,023                  | 3,556,299               | 3,524,267          | 32,032                                |
| Employee Benefits                            | 1,146,828                  | 1,184,904               | 1,110,078          | 74,826                                |
| Purchased Services                           | 71,017                     | 92,582                  | 68,406             | 24,176                                |
| Energy Services                              | 2,500                      | 2,500                   | 1,163              | 1,337                                 |
| Materials and Supplies                       | 127,897                    | 42,647                  | 22,773             | 19,874                                |
| Capital Outlay                               | 374,756                    | 370,779                 | 211,507            | 159,272                               |
| Other  | 10,500                     | 10,800                  | 326                | 10,474                                |
| Total Instructional Media Services           | <u>5,249,521</u>           | <u>5,260,511</u>        | <u>4,938,520</u>   | <u>321,991</u>                        |
| Instruction and Curriculum Development:      |                            |                         |                    |                                       |
| Salaries                                     | 2,699,161                  | 2,661,900               | 2,276,418          | 385,482                               |
| Employee Benefits                            | 675,379                    | 719,101                 | 561,963            | 157,138                               |
| Purchased Services                           | 266,139                    | 239,156                 | 188,681            | 50,475                                |
| Energy Services                              | 3,000                      | 3,000                   | 2,656              | 344                                   |
| Materials and Supplies                       | 143,785                    | 92,482                  | 22,592             | 69,890                                |
| Capital Outlay                               | 37,596                     | 51,732                  | 27,080             | 24,652                                |
| Other  | 515,245                    | 466,570                 | 410,597            | 55,973                                |
| Total Instruction and Curriculum Development | <u>4,340,305</u>           | <u>4,233,941</u>        | <u>3,489,987</u>   | <u>743,954</u>                        |
| Instructional Staff Training Services:       |                            |                         |                    |                                       |
| Salaries                                     | 2,895,445                  | 2,117,587               | 2,076,314          | 41,273                                |
| Employee Benefits                            | 639,132                    | 678,831                 | 552,773            | 126,058                               |
| Purchased Services                           | 171,810                    | 365,733                 | 259,696            | 106,037                               |
| Materials and Supplies                       | 238,220                    | 142,925                 | 60,642             | 82,283                                |
| Capital Outlay                               | 74,850                     | 21,278                  | 2,043              | 19,235                                |
| Other  | 446,850                    | 487,709                 | 413,589            | 74,120                                |
| Total Instructional Staff Training Services  | <u>4,466,307</u>           | <u>3,814,063</u>        | <u>3,365,057</u>   | <u>449,006</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, 2017  
(Continued)**

|                                      | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|--------------------------------------|----------------------------|-------------------------|-------------------|---------------------------------------|
| <b>Expenditures (continued)</b>      |                            |                         |                   |                                       |
| Current Education (continued):       |                            |                         |                   |                                       |
| Instruction Related Technology:      |                            |                         |                   |                                       |
| Salaries                             | \$ 1,361,353               | \$ 1,303,179            | \$ 1,303,170      | \$ 9                                  |
| Employee Benefits                    | 464,428                    | 471,631                 | 411,879           | 59,752                                |
| Purchased Services                   | 670,697                    | 667,781                 | 537,987           | 129,794                               |
| Energy Services                      | 7,200                      | 7,200                   | 4,401             | 2,799                                 |
| Materials and Supplies               | 21,800                     | 14,600                  | 10,380            | 4,220                                 |
| Capital Outlay                       | 199,371                    | 193,991                 | 127,106           | 66,885                                |
| Other                                | 500                        | 500                     | -                 | 500                                   |
| Total Instruction Related Technology | <u>2,725,349</u>           | <u>2,658,882</u>        | <u>2,394,923</u>  | <u>263,959</u>                        |
| Board of Education:                  |                            |                         |                   |                                       |
| Salaries                             | 382,996                    | 372,826                 | 371,821           | 1,005                                 |
| Employee Benefits                    | 154,477                    | 240,812                 | 152,938           | 87,874                                |
| Purchased Services                   | 212,541                    | 216,806                 | 130,587           | 86,219                                |
| Materials and Supplies               | 9,820                      | 6,864                   | 4,300             | 2,564                                 |
| Capital Outlay                       | 6,710                      | 4,210                   | 464               | 3,746                                 |
| Other                                | 24,300                     | 24,300                  | 20,693            | 3,607                                 |
| Total Board of Education             | <u>790,844</u>             | <u>865,818</u>          | <u>680,803</u>    | <u>185,015</u>                        |
| General Administration:              |                            |                         |                   |                                       |
| Salaries                             | 973,898                    | 1,134,806               | 1,134,799         | 7                                     |
| Employee Benefits                    | 239,988                    | 259,914                 | 248,712           | 11,202                                |
| Purchased Services                   | 259,700                    | 250,089                 | 212,279           | 37,810                                |
| Materials and Supplies               | 10,300                     | 11,506                  | 8,750             | 2,756                                 |
| Capital Outlay                       | -                          | 15,975                  | 15,514            | 461                                   |
| Other                                | 56,222                     | 53,517                  | 34,741            | 18,776                                |
| Total General Administration         | <u>1,540,108</u>           | <u>1,725,807</u>        | <u>1,654,795</u>  | <u>71,012</u>                         |
| School Administration:               |                            |                         |                   |                                       |
| Salaries                             | 14,593,412                 | 14,821,242              | 14,821,236        | 6                                     |
| Employee Benefits                    | 4,035,736                  | 4,003,262               | 3,926,299         | 76,963                                |
| Purchased Services                   | 508,477                    | 496,726                 | 469,512           | 27,214                                |
| Materials and Supplies               | 156,429                    | 61,902                  | 50,344            | 11,558                                |
| Capital Outlay                       | 58,686                     | 126,145                 | 87,149            | 38,996                                |
| Other                                | 5,300                      | 20,046                  | 19,259            | 787                                   |
| Total School Administration          | <u>19,358,040</u>          | <u>19,529,323</u>       | <u>19,373,799</u> | <u>155,524</u>                        |
| Facility Services:                   |                            |                         |                   |                                       |
| Salaries                             | 521,374                    | 483,317                 | 483,287           | 30                                    |
| Employee Benefits                    | 148,241                    | 148,343                 | 138,366           | 9,977                                 |
| Purchased Services                   | 69,500                     | 58,712                  | 26,432            | 32,280                                |
| Energy Services                      | 4,000                      | 4,000                   | 2,033             | 1,967                                 |
| Materials and Supplies               | 10,300                     | 9,570                   | 7,603             | 1,967                                 |
| Capital Outlay                       | 593,026                    | 606,591                 | 119,780           | 486,811                               |
| Other                                | 2,000                      | 3,000                   | 2,632             | 368                                   |
| Total Facility Services              | <u>1,348,441</u>           | <u>1,313,533</u>        | <u>780,133</u>    | <u>533,400</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, 2017  
(Continued)**

|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|---------------------------------------|----------------------------|-------------------------|-------------------|---------------------------------------|
| <b>Expenditures (continued)</b>       |                            |                         |                   |                                       |
| Current Education (continued):        |                            |                         |                   |                                       |
| Fiscal Services:                      |                            |                         |                   |                                       |
| Salaries                              | \$ 1,894,476               | \$ 1,861,177            | \$ 1,779,742      | \$ 81,435                             |
| Employee Benefits                     | 493,461                    | 622,987                 | 585,800           | 37,187                                |
| Purchased Services                    | 586,967                    | 590,509                 | 488,989           | 101,520                               |
| Energy Services                       | 100                        | 200                     | 165               | 35                                    |
| Materials and Supplies                | 105,625                    | 25,188                  | 13,357            | 11,831                                |
| Capital Outlay                        | 16,600                     | 11,835                  | 5,634             | 6,201                                 |
| Other                                 | 20,493                     | 29,445                  | 13,195            | 16,250                                |
| Total Fiscal Services                 | <u>3,117,722</u>           | <u>3,141,341</u>        | <u>2,886,882</u>  | <u>254,459</u>                        |
| Central Services:                     |                            |                         |                   |                                       |
| Salaries                              | 2,831,365                  | 2,846,596               | 2,841,475         | 5,121                                 |
| Employee Benefits                     | 825,888                    | 840,354                 | 803,491           | 36,863                                |
| Purchased Services                    | 441,765                    | 459,491                 | 385,386           | 74,105                                |
| Energy Services                       | 26,100                     | 24,100                  | 18,859            | 5,241                                 |
| Materials and Supplies                | 236,550                    | 152,910                 | 96,449            | 56,461                                |
| Capital Outlay                        | 96,503                     | 91,430                  | 76,066            | 15,364                                |
| Other                                 | 51,497                     | 96,230                  | 44,498            | 51,732                                |
| Total Central Services                | <u>4,509,668</u>           | <u>4,511,111</u>        | <u>4,266,224</u>  | <u>244,887</u>                        |
| Student Transportation Services:      |                            |                         |                   |                                       |
| Salaries                              | 10,651,708                 | 11,831,801              | 11,489,889        | 341,912                               |
| Employee Benefits                     | 4,448,973                  | 4,257,470               | 4,197,221         | 60,249                                |
| Purchased Services                    | 1,380,907                  | 1,499,863               | 1,360,818         | 139,045                               |
| Energy Services                       | 2,656,165                  | 2,590,397               | 1,866,520         | 723,877                               |
| Materials and Supplies                | 1,266,558                  | 1,179,757               | 984,971           | 194,786                               |
| Capital Outlay                        | 70,163                     | 138,827                 | 123,512           | 15,315                                |
| Other                                 | 61,175                     | 20,179                  | 13,627            | 6,552                                 |
| Total Student Transportation Services | <u>20,535,649</u>          | <u>21,518,294</u>       | <u>20,036,558</u> | <u>1,481,736</u>                      |
| Operation of Plant:                   |                            |                         |                   |                                       |
| Salaries                              | 7,580,739                  | 6,914,765               | 6,885,874         | 28,891                                |
| Employee Benefits                     | 2,753,476                  | 2,524,737               | 2,456,244         | 68,493                                |
| Purchased Services                    | 5,510,475                  | 5,515,197               | 5,015,392         | 499,805                               |
| Energy Services                       | 8,858,433                  | 8,070,072               | 7,383,337         | 686,735                               |
| Materials and Supplies                | 1,253,851                  | 1,122,585               | 944,363           | 178,222                               |
| Capital Outlay                        | 12,599                     | 110,333                 | 71,106            | 39,227                                |
| Other                                 | 121,264                    | 161,583                 | 159,014           | 2,569                                 |
| Total Operation of Plant              | <u>26,090,837</u>          | <u>24,419,272</u>       | <u>22,915,330</u> | <u>1,503,942</u>                      |
| Maintenance of Plant:                 |                            |                         |                   |                                       |
| Salaries                              | 5,122,289                  | 5,108,613               | 5,094,833         | 13,780                                |
| Employee Benefits                     | 1,669,368                  | 1,723,930               | 1,570,223         | 153,707                               |
| Purchased Services                    | 1,402,108                  | 1,429,742               | 1,328,964         | 100,778                               |
| Energy Services                       | 207,150                    | 102,711                 | 100,223           | 2,488                                 |
| Materials and Supplies                | 1,262,097                  | 1,270,082               | 1,205,658         | 64,424                                |
| Capital Outlay                        | -                          | 199,660                 | 83,349            | 116,311                               |
| Other                                 | 14,076                     | 12,840                  | 11,468            | 1,372                                 |
| Total Maintenance of Plant            | <u>9,677,088</u>           | <u>9,847,578</u>        | <u>9,394,718</u>  | <u>452,860</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, 2017  
(Concluded)**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget</u> |
|--|----------------------------|-------------------------|----------------------|---------------------------------------|
| <b>Expenditures (concluded)</b>                              |                            |                         |                      |                                       |
| Current Education (concluded):                               |                            |                         |                      |                                       |
| Administrative Technology Services:                          |                            |                         |                      |                                       |
| Salaries   | \$ 1,593,537               | \$ 1,636,594            | \$ 1,636,504         | \$ 90                                 |
| Employee Benefits  | 437,275                    | 440,956                 | 414,132              | 26,824                                |
| Purchased Services   | 2,765,279                  | 3,205,338               | 2,375,543            | 829,795                               |
| Energy Services  | 2,000                      | 4,000                   | 2,307                | 1,693                                 |
| Materials and Supplies                                       | 25,898                     | 22,630                  | 14,341               | 8,289                                 |
| Capital Outlay   | 4,549,052                  | 566,294                 | 410,491              | 155,803                               |
| Other  | 2,450                      | 2,800                   | 1,300                | 1,500                                 |
| Total Administrative Technology Services                     | <u>9,375,491</u>           | <u>5,878,612</u>        | <u>4,854,618</u>     | <u>1,023,994</u>                      |
| Community Services:  |                            |                         |                      |                                       |
| Salaries   | 2,736,042                  | 2,623,746               | 2,622,536            | 1,210                                 |
| Employee Benefits  | 670,863                    | 724,893                 | 651,947              | 72,946                                |
| Purchased Services   | 129,000                    | 125,561                 | 86,477               | 39,084                                |
| Materials and Supplies                                       | 57,075                     | 59,788                  | 51,352               | 8,436                                 |
| Capital Outlay   | 13,000                     | 12,500                  | 11,365               | 1,135                                 |
| Other  | 1,000                      | 226                     | 26                   | 200                                   |
| Total Community Services                                     | <u>3,606,980</u>           | <u>3,546,714</u>        | <u>3,423,703</u>     | <u>123,011</u>                        |
| Capital Outlay:  |                            |                         |                      |                                       |
| Facility Acquisition and Construction                        | 1,729,993                  | 1,729,993               | 1,729,993            | -                                     |
| Other Capital Outlay   | 2,204,878                  | 2,204,878               | 2,204,878            | -                                     |
| Total Capital Outlay   | <u>3,934,871</u>           | <u>3,934,871</u>        | <u>3,934,871</u>     | <u>-</u>                              |
| <b>Total Expenditures</b>                                    | <u>350,266,930</u>         | <u>352,650,765</u>      | <u>333,830,387</u>   | <u>18,820,378</u>                     |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <u>(20,998,902)</u>        | <u>(21,312,488)</u>     | <u>(2,083,731)</u>   | <u>19,228,757</u>                     |
| <b>Other Financing Sources (Uses)</b>                        |                            |                         |                      |                                       |
| Insurance Loss Recoveries                                    | -                          | 48,269                  | 49,419               | 1,150                                 |
| Transfers In   | 5,875,586                  | 5,851,517               | 5,851,517            | -                                     |
| Transfers Out  | (20,000)                   | (22,000)                | (21,594)             | 406                                   |
| <b>Total Other Financing Sources</b>                         | <u>5,855,586</u>           | <u>5,877,786</u>        | <u>5,879,342</u>     | <u>1,556</u>                          |
| <b>Net Change in Fund Balance</b>                            | <u>(15,143,316)</u>        | <u>(15,434,702)</u>     | <u>3,795,611</u>     | <u>19,230,313</u>                     |
| <b>Fund Balance - Beginning</b>                              | <u>38,354,755</u>          | <u>38,354,755</u>       | <u>38,354,755</u>    | <u>-</u>                              |
| <b>Fund Balance - Ending</b>                                 | <u>\$ 23,211,439</u>       | <u>\$ 22,920,053</u>    | <u>\$ 42,150,366</u> | <u>\$ 19,230,313</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, 2017**

|  | <b>Food Service Fund</b>   |                         |                      |                                       |
|--|----------------------------|-------------------------|----------------------|---------------------------------------|
|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>        | <b>Variance with<br/>Final Budget</b> |
| <b>Revenues</b>  |                            |                         |                      |                                       |
| Federal Through State:                                   |                            |                         |                      |                                       |
| National School Lunch Act                                | \$ 15,494,257              | \$ 15,723,258           | \$ 15,723,248        | \$ (10)                               |
| School Breakfast Program                                 | 5,853,665                  | 6,129,987               | 6,129,981            | (6)                                   |
| Miscellaneous Federal Revenues                           | 3,368,595                  | 3,758,715               | 3,535,882            | (222,833)                             |
| Total Federal Through State                              | 24,716,517                 | 25,611,960              | 25,389,111           | (222,849)                             |
| State:   |                            |                         |                      |                                       |
| Breakfast Supplement                                     | 186,940                    | 185,382                 | 185,358              | (24)                                  |
| School Lunch Supplement                                  | 194,134                    | 198,306                 | 198,286              | (20)                                  |
| Other  | -                          | 50,000                  | 50,000               | -                                     |
| Total State  | 381,074                    | 433,688                 | 433,644              | (44)                                  |
| Local:   |                            |                         |                      |                                       |
| Charges for Services - Food Service                      | 2,660,285                  | 2,354,081               | 2,353,988            | (93)                                  |
| Investment Income  | 30,700                     | 55,237                  | 55,236               | (1)                                   |
| Net Decrease in Fair Value of Investments                | -                          | -                       | (14,149)             | (14,149)                              |
| Refunds of Prior Year Expenses                           | -                          | 2,163                   | 2,163                | -                                     |
| Other  | 101,658                    | 70,750                  | 70,745               | (5)                                   |
| Total Local  | 2,792,643                  | 2,482,231               | 2,467,983            | (14,248)                              |
| <b>Total Revenues</b>                                    | <b>27,890,234</b>          | <b>28,527,879</b>       | <b>28,290,738</b>    | <b>(237,141)</b>                      |
| <b>Expenditures</b>                                      |                            |                         |                      |                                       |
| Current Education:                                       |                            |                         |                      |                                       |
| Food Services:   |                            |                         |                      |                                       |
| Salaries   | 8,506,854                  | 8,460,748               | 8,065,176            | 395,572                               |
| Employee Benefits  | 3,124,398                  | 3,170,504               | 3,170,204            | 300                                   |
| Purchased Services                                       | 809,071                    | 809,071                 | 587,296              | 221,775                               |
| Energy Services  | 551,998                    | 551,998                 | 425,595              | 126,403                               |
| Materials and Supplies                                   | 13,567,270                 | 14,207,388              | 13,857,427           | 349,961                               |
| Capital Outlay   | 1,205,839                  | 1,204,522               | 195,178              | 1,009,344                             |
| Other  | 1,217,200                  | 1,217,200               | 1,003,505            | 213,695                               |
| Total Food Services                                      | 28,982,630                 | 29,621,431              | 27,304,381           | 2,317,050                             |
| Capital Outlay:  |                            |                         |                      |                                       |
| Facilities Acquisition and Construction                  | 189,302                    | 189,302                 | 189,302              | -                                     |
| Other Capital Outlay                                     | 387,295                    | 387,295                 | 387,295              | -                                     |
| Total Capital Outlay                                     | 576,597                    | 576,597                 | 576,597              | -                                     |
| <b>Total Expenditures</b>                                | <b>29,559,227</b>          | <b>30,198,028</b>       | <b>27,880,978</b>    | <b>2,317,050</b>                      |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <b>(1,668,993)</b>         | <b>(1,670,149)</b>      | <b>409,760</b>       | <b>2,079,909</b>                      |
| <b>Other Financing Sources</b>                           |                            |                         |                      |                                       |
| Insurance Loss Recoveries                                | -                          | 878                     | 877                  | (1)                                   |
| Transfers In   | 20,000                     | 21,595                  | 21,594               | (1)                                   |
|  | 20,000                     | 22,473                  | 22,471               | (2)                                   |
| <b>Net Change in Fund Balance</b>                        | <b>(1,648,993)</b>         | <b>(1,647,676)</b>      | <b>432,231</b>       | <b>2,079,907</b>                      |
| <b>Fund Balance - Beginning</b>                          | <b>10,712,767</b>          | <b>10,712,767</b>       | <b>10,712,767</b>    | <b>-</b>                              |
| <b>Fund Balance - Ending</b>                             | <b>\$ 9,063,774</b>        | <b>\$ 9,065,091</b>     | <b>\$ 11,144,998</b> | <b>\$ 2,079,907</b>                   |

**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, 2017**

|  | Other Federal Programs Fund |                 |              |                               |
|--|-----------------------------|-----------------|--------------|-------------------------------|
|  | Original<br>Budget          | Final<br>Budget | Actual       | Variance with<br>Final Budget |
| <b>Revenues</b>                                    |                             |                 |              |                               |
| <b>Federal Direct</b>                              |                             |                 |              |                               |
| Pell Grants  | \$ 1,250,000                | \$ 1,250,000    | \$ 1,206,664 | \$ (43,336)                   |
| <b>Federal Through State</b>                       |                             |                 |              |                               |
| Career and Technical Education                     | 677,923                     | 697,981         | 661,783      | (36,198)                      |
| Individuals with Disabilities Education Act (IDEA) | 12,846,529                  | 12,983,586      | 10,813,743   | (2,169,843)                   |
| Adult General Education                            | 494,853                     | 494,853         | 444,229      | (50,624)                      |
| English Literacy and Civics Education              | 56,303                      | 56,303          | 37,840       | (18,463)                      |
| Elementary and Secondary Education Act             | 16,739,099                  | 17,732,977      | 15,783,047   | (1,949,930)                   |
| Teacher and Principal Training and Recruiting      | 3,013,455                   | 2,863,928       | 1,633,114    | (1,230,814)                   |
| Math and Science Partnerships                      | -                           | 29,581          | 28,542       | (1,039)                       |
| Language Instruction                               | 328,264                     | 328,444         | 314,898      | (13,546)                      |
| Twenty-First Century Schools                       | 479,505                     | 1,706,785       | 1,144,228    | (562,557)                     |
| Miscellaneous Federal Through State                | 242,000                     | 344,641         | 316,905      | (27,736)                      |
| Federal Through Local                              | 89,923                      | 275,365         | 159,386      | (115,979)                     |
| Total Federal Through State                        | 34,967,854                  | 37,514,444      | 31,337,715   | (6,176,729)                   |
| <b>State</b>                                       |                             |                 |              |                               |
| Miscellaneous State                                | 28,988                      | 75,459          | 55,411       | (20,048)                      |
| <b>Local</b>                                       |                             |                 |              |                               |
| Gifts, Grants, and Bequests                        | -                           | 102,159         | 26,443       | (75,716)                      |
| Adult General Education Course Fees                | -                           | -               | 10,482       | 10,482                        |
| Other Miscellaneous Local                          | 184,746                     | 185,746         | 142,835      | (42,911)                      |
| Total Local  | 184,746                     | 287,905         | 179,760      | (108,145)                     |
| <b>Total Revenues</b>                              | 36,431,588                  | 39,127,808      | 32,779,550   | (6,348,258)                   |
| <b>Expenditures</b>                                |                             |                 |              |                               |
| Current Education:                                 |                             |                 |              |                               |
| Instruction:                                       | 9,665,785                   | 10,249,712      | 9,167,538    | 1,082,174                     |
| Salaries   | 4,326,464                   | 4,392,709       | 3,616,142    | 776,567                       |
| Employee Benefits                                  | 2,281,779                   | 2,556,032       | 1,941,787    | 614,245                       |
| Purchased Services                                 | -                           | 128             | 128          | -                             |
| Materials and Supplies                             | 858,926                     | 1,125,033       | 958,208      | 166,825                       |
| Capital Outlay                                     | 390,677                     | 726,094         | 613,265      | 112,829                       |
| Other  | 153,850                     | 165,718         | 115,611      | 50,107                        |
| Total Instruction                                  | 17,677,481                  | 19,215,426      | 16,412,679   | 2,802,747                     |
| Student Personnel Services:                        |                             |                 |              |                               |
| Salaries   | 3,863,783                   | 3,930,511       | 3,564,502    | 366,009                       |
| Employee Benefits                                  | 1,384,799                   | 1,419,888       | 1,048,153    | 371,735                       |
| Purchased Services                                 | 191,640                     | 232,025         | 196,624      | 35,401                        |
| Energy Services                                    | 4,300                       | 3,434           | 1,094        | 2,340                         |
| Materials and Supplies                             | 139,235                     | 209,958         | 150,419      | 59,539                        |
| Capital Outlay                                     | 86,799                      | 88,615          | 67,139       | 21,476                        |
| Other  | 8,226                       | 6,553           | 5,491        | 1,062                         |
| Total Student Personnel Services                   | 5,678,782                   | 5,890,984       | 5,033,422    | 857,562                       |

**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, 2017**  
*(Concluded)*

|  | Other Federal Programs Fund |                   |                   |                               |
|--|-----------------------------|-------------------|-------------------|-------------------------------|
|  | Original<br>Budget          | Final<br>Budget   | Actual            | Variance with<br>Final Budget |
| <b>Expenditures (concluded)</b>              |                             |                   |                   |                               |
| Current Education (concluded):               |                             |                   |                   |                               |
| Instruction and Curriculum Development:      |                             |                   |                   |                               |
| Salaries                                     | \$ 1,589,055                | \$ 1,647,355      | \$ 1,502,442      | \$ 144,913                    |
| Employee Benefits                            | 453,494                     | 445,300           | 406,242           | 39,058                        |
| Purchased Services                           | 87,881                      | 133,119           | 126,864           | 6,255                         |
| Materials and Supplies                       | 49,964                      | 93,980            | 86,945            | 7,035                         |
| Capital Outlay                               | 37,621                      | 38,385            | 18,829            | 19,556                        |
| Other  | 72,030                      | 63,430            | 63,401            | 29                            |
| Total Instruction and Curriculum Development | 2,290,045                   | 2,421,569         | 2,204,723         | 216,846                       |
| Instructional Staff Training Services:       |                             |                   |                   |                               |
| Salaries                                     | 4,031,993                   | 4,061,180         | 3,580,358         | 480,822                       |
| Employee Benefits                            | 1,270,053                   | 1,317,734         | 985,709           | 332,025                       |
| Purchased Services                           | 651,633                     | 704,963           | 517,968           | 186,995                       |
| Materials and Supplies                       | 150,690                     | 173,230           | 98,034            | 75,196                        |
| Capital Outlay                               | 19,950                      | 32,651            | 25,661            | 6,990                         |
| Other  | 896,268                     | 881,148           | 322,012           | 559,136                       |
| Total Instructional Staff Training Services  | 7,020,587                   | 7,170,906         | 5,529,742         | 1,641,164                     |
| Instruction Related Technology:              |                             |                   |                   |                               |
| Purchased Services                           | 230,128                     | 248,989           | 214,459           | 34,530                        |
| General Administration:                      |                             |                   |                   |                               |
| Other  | 1,771,466                   | 1,889,387         | 1,566,521         | 322,866                       |
| Facility Services:                           |                             |                   |                   |                               |
| Capital Outlay                               | 3,352                       | 3,352             | 650               | 2,702                         |
| Student Transportation Services:             |                             |                   |                   |                               |
| Salaries                                     | 66,177                      | 248,867           | 84,013            | 164,854                       |
| Employee Benefits                            | 18,604                      | 48,841            | 16,087            | 32,754                        |
| Purchased Services                           | 7,500                       | 8,220             | -                 | 8,220                         |
| Energy Services                              | 70,940                      | 341,470           | 139,114           | 202,356                       |
| Total Student Transportation Services        | 163,221                     | 647,398           | 239,214           | 408,184                       |
| Community Services:                          |                             |                   |                   |                               |
| Salaries                                     | -                           | 21,236            | 14,606            | 6,630                         |
| Employee Benefits                            | -                           | 5,106             | 2,379             | 2,727                         |
| Purchased Services                           | -                           | 1,906             | 165               | 1,741                         |
| Materials and Supplies                       | -                           | 7,973             | 750               | 7,223                         |
| Other  | 1,250,000                   | 1,250,000         | 1,206,664         | 43,336                        |
| Total Community Services                     | 1,250,000                   | 1,286,221         | 1,224,564         | 61,657                        |
| Capital Outlay:                              |                             |                   |                   |                               |
| Other Capital Outlay                         | 346,526                     | 353,576           | 353,576           | -                             |
| <b>Total Expenditures</b>                    | <b>36,431,588</b>           | <b>39,127,808</b> | <b>32,779,550</b> | <b>6,348,258</b>              |
| <b>Net Change in Fund Balance</b>            | <b>-</b>                    | <b>-</b>          | <b>-</b>          | <b>-</b>                      |
| <b>Fund Balance - Beginning</b>              | <b>-</b>                    | <b>-</b>          | <b>-</b>          | <b>-</b>                      |
| <b>Fund Balance - Ending</b>                 | <b>\$ -</b>                 | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>                   |



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

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial Accrued<br>Liability (AAL)<br>Entry Age Normal Cost<br>(b) | Unfunded AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>((b-a)/c) |
|--------------------------------|--|--|---------------------------------|--------------------------|------------------------|--|
| 1/1/2012                       | \$ -                                   | \$ 42,926,498  | \$ 42,926,498                   | 0.00%                    | \$ 165,366,095         | 25.96%   |
| 1/1/2014                       | -                                      | 38,101,622   | 38,101,622                      | 0.00%                    | 181,922,011            | 20.94%   |
| 1/1/2016                       | -                                      | 26,842,327   | 26,842,327                      | 0.00%                    | 190,963,029            | 14.06%   |

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

**Florida Retirement System**

|   | <b>2016</b>    | <b>2015</b>    | <b>2014</b>    | <b>2013</b>    |
|---|----------------|----------------|----------------|----------------|
| Marion County School Board's proportion of the net pension liability  | 0.507447693%   | 0.521988161%   | 0.524521642%   | 0.536352569%   |
| Marion County School Board's proportionate share of the net pension liability   | \$ 128,130,941 | \$ 67,421,772  | \$ 32,003,534  | \$ 92,330,148  |
| Marion County School Board's covered-employee payroll   | \$ 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 | 57.24%         | 32.27%         | 15.75%         | 45.65%         |
| Plan fiduciary net position as a percentage of the total pension liability  | 84.88%         | 92.00%         | 96.09%         | 88.54%         |

**Health Insurance Subsidy**

|   | <b>2016</b>    | <b>2015</b>    | <b>2014</b>    | <b>2013</b>    |
|---|----------------|----------------|----------------|----------------|
| Marion County School Board's proportion of the net pension liability  | 0.725308478%   | 0.690189062%   | 0.683926637%   | 0.696145303%   |
| Marion County School Board's proportionate share of the net pension liability   | \$ 84,531,698  | \$ 70,388,427  | \$ 63,948,809  | \$ 60,608,602  |
| Marion County School Board's covered-employee payroll   | \$ 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 | 37.76%         | 33.69%         | 31.46%         | 29.97%         |
| Plan fiduciary net position as a percentage of the total pension liability  | 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**

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

**Health Insurance Subsidy**

|  | <u>2017</u>           | <u>2016</u>           | <u>2015</u>           | <u>2014</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Contractually required contribution                                  | \$ 3,816,327          | \$ 3,716,021          | \$ 2,638,332          | \$ 2,342,903          |
| Contributions in relation to the contractually required contribution | <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>           |
| Marion County School Board's covered-employee payroll                | \$ 229,899,245        | \$ 223,856,707        | \$ 208,929,545        | \$ 203,238,439        |
| Contributions as a percentage of covered-employee payroll            | 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**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**

**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 Funding Progress For Other Postemployment Benefits**

Compared to the previous valuation, the Unfunded Actuarial Accrued Liability decreased significantly due to plan changes since the previous valuation was performed. Some of the more significant factors contributing to this decrease included

- *Initial Cost of Coverage:* The total cost of coverage increased from \$464 per employee per month to \$523 per employee per month. This change had an effect of slowing down increases in the cost and liability.
- *Population Changes:* The number of retirees currently receiving post-employment health benefits decreased from 553 in the previous valuation to 476 this year. At the same time, the number of active employees eligible for future post-employment benefits increased from 4,950 to 5,407.
- *Retiree Medical Coverage Assumptions:* Medicare Advantage options introduced by the District five years ago seem to be gaining popularity as more retirees eligible for Medicare elect this option. As a result, the lapsing coverage was revised from 85% to 90%.
- *Retiree Medicare Enrollment:* Based on data obtained in the actuarial study the assumption regarding percentage of claims paid by the Medicare was changed to 50%. This change had a significant decreasing effect on the cost and liability.
- *Long Term Medical Trend Assumption:* Beginning with the 2016 valuation, long term health trend assumptions are developed using a forecasted model sponsored by the Society of Actuaries. Under this model, assumed trend rates for costs decline over a 24-year period from 6.5% assumed for the year beginning January 1, 2017, to the ultimate level of 4.24%.

**MARION COUNTY DISTRICT SCHOOL BOARD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**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 2016:

- FRS: The long-term expected rate of return was decreased from 7.65% to 7.60%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was decreased from 3.80% to 2.85%.

**SUPPLEMENTARY INFORMATION**  
**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**MARION COUNTY DISTRICT SCHOOL BOARD  
COMBINING BALANCE SHEET  
NONMAJOR FUNDS  
JUNE 30, 2017**

|  | <b>Debt Service</b>   |  |
|--|---|--|
|  | <b>State Board<br/>of Education<br/>COBI Bonds<br/>Fund</b> | <b>Other<br/>Debt<br/>Service<br/>Fund</b> |
| <b>Assets</b>                              |   |  |
| Cash                                       | \$ -  | \$ 509,214                                 |
| Investments                                | 41,348  | 350  |
| Due From Other Agencies                    | -   | -  |
| <b>Total Assets</b>                        | <b>\$ 41,348</b>  | <b>\$ 509,564</b>                          |
| <b>Liabilities and Fund Balances</b>       |   |  |
| <b>Liabilities</b>                         |   |  |
| Construction Contracts Payable             | \$ -  | \$ -                                       |
| Construction Contracts Payable - Retainage | -   | -  |
| Due to Other Funds                         | -   | -  |
| <b>Total Liabilities</b>                   | <b>-</b>  | <b>-</b>                                   |
| <b>Fund Balances</b>                       |   |  |
| Restricted for:                            |   |  |
| Debt Service                               | 41,348  | 509,564                                    |
| Capital Projects                           | -   | -  |
| Total Restricted Fund Balance              | 41,348  | 509,564                                    |
| <b>Total Fund Balances</b>                 | <b>41,348</b>   | <b>509,564</b>                             |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 41,348</b>  | <b>\$ 509,564</b>                          |

| Capital Projects                              |   |   |                      |
|---|---|---|----------------------|
| Public<br>Education<br>Capital Outlay<br>Fund | Capital Outlay<br>and Debt<br>Service<br>Fund | Local<br>Capital<br>Improvement<br>Fund | Total                |
| \$ 53,088                                     | \$ 2,798,284                                  | \$ 4,065,066                            | \$ 7,425,652         |
| -   | 287   | 4,448,252                               | 4,490,237            |
| 1,096,134                                     | 14,503  | 29,008                                  | 1,139,645            |
| <u>\$ 1,149,222</u>                           | <u>\$ 2,813,074</u>                           | <u>\$ 8,542,326</u>                     | <u>\$ 13,055,534</u> |
|   |   |   |                      |
| \$ -  | \$ 1,200,426                                  | \$ 219,996                              | \$ 1,420,422         |
| -   | 102,403                                       | 18,827                                  | 121,230              |
| 17,169  | -   | -                                       | 17,169               |
| <u>17,169</u>                                 | <u>1,302,829</u>                              | <u>238,823.00</u>                       | <u>1,558,821</u>     |
|   |   |   |                      |
| -   | -   | -                                       | 550,912              |
| 1,132,053                                     | 1,510,245                                     | 8,303,503                               | 10,945,801           |
| <u>1,132,053</u>                              | <u>1,510,245</u>                              | <u>8,303,503</u>                        | <u>11,496,713</u>    |
| <u>1,132,053</u>                              | <u>1,510,245</u>                              | <u>8,303,503</u>                        | <u>11,496,713</u>    |
| <u>\$ 1,149,222</u>                           | <u>\$ 2,813,074</u>                           | <u>\$ 8,542,326</u>                     | <u>\$ 13,055,534</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, 2017**

|  | <b>Debt Service</b>   |  |
|--|---|--|
|  | <b>State Board<br/>of Education<br/>COBI Bonds<br/>Fund</b> | <b>Other<br/>Debt<br/>Service<br/>Fund</b> |
| <b>Revenues</b>  |   |  |
| Intergovernmental:   |   |  |
| State  | \$ 445,954  | \$ 223,250                                 |
| Local:   |   |  |
| Property Taxes   | -   | -  |
| Other  | -   | 1,501                                      |
| Total Local:   | -   | 1,501                                      |
| <b>Total Revenues</b>  | <b>445,954</b>  | <b>224,751</b>                             |
| <b>Expenditures</b>  |   |  |
| Current Education:   |   |  |
| Facility Services  | -   | -  |
| Capital Outlay:  |   |  |
| Facilities Acquisition and Construction                      | -   | -  |
| Other Capital Outlay   | -   | -  |
| Debt Service:  |   |  |
| Retirement of Principal                                      | 355,000   | 11,873,000                                 |
| Interest and Fiscal Charges                                  | 99,471  | 3,462,887                                  |
| <b>Total Expenditures</b>                                    | <b>454,471</b>  | <b>15,335,887</b>                          |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(8,517)</b>  | <b>(15,111,136)</b>                        |
| <b>Other Financing Sources (Uses)</b>                        |   |  |
| Transfers In   | -   | 15,115,170                                 |
| Transfers Out  | -   | -  |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>-</b>  | <b>15,115,170</b>                          |
| <b>Net Change in Fund Balances</b>                           | <b>(8,517)</b>  | <b>4,034</b>                               |
| <b>Fund Balances - Beginning</b>                             | <b>49,865</b>   | <b>505,530</b>                             |
| <b>Fund Balances - Ending</b>                                | <b>\$ 41,348</b>  | <b>\$ 509,564</b>                          |

| Public<br>Education<br>Capital Outlay<br>Fund | Capital Projects                              |              | Local<br>Capital<br>Improvement<br>Fund | Total |
|---|---|--------------|---|-------|
|   | Capital Outlay<br>and Debt<br>Service<br>Fund |              |   |       |
| \$ 1,567,022                                  | \$ 1,162,677                                  | \$ -         | \$ 3,398,903                            |       |
| -   | -   | 25,125,064   | 25,125,064                              |       |
| 632   | 4,092   | 106,396      | 112,621                                 |       |
| 632   | 4,092   | 25,231,460   | 25,237,685                              |       |
| 1,567,654                                     | 1,166,769                                     | 25,231,460   | 28,636,588                              |       |
| 105,406                                       | -   | 98,513       | 203,919                                 |       |
| 1,279,784                                     | 1,420,304                                     | 1,420,231    | 4,120,319                               |       |
| -   | -   | 2,031,293    | 2,031,293                               |       |
| -   | -   | -            | 12,228,000                              |       |
| -   | 1,223   | -            | 3,563,581                               |       |
| 1,385,190                                     | 1,421,527                                     | 3,550,037    | 22,147,112                              |       |
| 182,464                                       | (254,758)                                     | 21,681,423   | 6,489,476                               |       |
| -   | -   | -            | 15,115,170                              |       |
| (188,057)                                     | -   | (20,401,025) | (20,589,082)                            |       |
| (188,057)                                     | -   | (20,401,025) | (5,473,912)                             |       |
| (5,593)                                       | (254,758)                                     | 1,280,398    | 1,015,564                               |       |
| 1,137,646                                     | 1,765,003                                     | 7,023,105    | 10,481,149                              |       |
| \$ 1,132,053                                  | \$ 1,510,245                                  | \$ 8,303,503 | \$ 11,496,713                           |       |

**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, 2017**

|  | <u>State Board of Education COBI Bonds Fund</u> |                  |                                       |
|--|---|------------------|---------------------------------------|
|  | <u>Final<br/>Budget</u>                         | <u>Actual</u>    | <u>Variance with<br/>Final Budget</u> |
| <b>Revenues</b>                                      |   |                  |                                       |
| State:   |   |                  |                                       |
| Debt Service for State Board of Education/COBI Bonds | \$ 445,833                                      | \$ 445,832       | \$ (1)                                |
| State Board of Education/COBI Bond Interest          | 122   | 122              | -                                     |
| <b>Total Revenues</b>                                | <u>445,955</u>                                  | <u>445,954</u>   | <u>(1)</u>                            |
| <b>Expenditures</b>                                  |   |                  |                                       |
| Debt Service:  |   |                  |                                       |
| Retirement of Principal                              | 355,000   | 355,000          | -                                     |
| Interest and Fiscal Charges                          | 99,471  | 99,471           | -                                     |
| <b>Total Expenditures</b>                            | <u>454,471</u>                                  | <u>454,471</u>   | <u>-</u>                              |
| <b>Net Change in Fund Balance</b>                    | (8,516)   | (8,517)          | (1)                                   |
| <b>Fund Balance - Beginning</b>                      | <u>49,865</u>                                   | <u>49,865</u>    | <u>-</u>                              |
| <b>Fund Balance - Ending</b>                         | <u>\$ 41,349</u>                                | <u>\$ 41,348</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, 2017**

|   | <b>Other Debt Service Fund</b> |                      |  |
|---|--------------------------------|----------------------|--|
|   | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance with<br/>Final Budget</u></b> |
| <b>Revenues</b>                                 |                                |                      |  |
| State:  |                                |                      |  |
| Racing Commission Funds                         | \$ 223,250                     | \$ 223,250           | \$ -   |
| Local:  |                                |                      |  |
| Investment Income                               | 1,509                          | 1,501                | (8)  |
| <b>Total Revenues</b>                           | <u>224,759</u>                 | <u>224,751</u>       | <u>(8)</u>                                   |
| <b>Expenditures</b>                             |                                |                      |  |
| Debt Service:                                   |                                |                      |  |
| Retirement of Principal                         | 11,873,000                     | 11,873,000           | -  |
| Interest and Fiscal Charges                     | 3,462,892                      | 3,462,887            | 5  |
| <b>Total Expenditures</b>                       | <u>15,335,892</u>              | <u>15,335,887</u>    | <u>5</u>                                     |
| <b>Deficiency of Revenues Over Expenditures</b> | <u>(15,111,133)</u>            | <u>(15,111,136)</u>  | <u>(3)</u>                                   |
| <b>Other Financing Uses</b>                     |                                |                      |  |
| Transfers in                                    | <u>15,115,174</u>              | <u>15,115,170</u>    | <u>(4)</u>                                   |
| <b>Net Change in Fund Balance</b>               | 4,041                          | 4,034                | (7)  |
| <b>Fund Balance - Beginning</b>                 | <u>505,536</u>                 | <u>505,530</u>       | <u>(6)</u>                                   |
| <b>Fund Balance - Ending</b>                    | <u>\$ 509,577</u>              | <u>\$ 509,564</u>    | <u>\$ (13)</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, 2017**

|  | <b>Public Education Capital Outlay Fund</b> |               |                                       |
|--|---|---------------|---------------------------------------|
|  | <b>Final<br/>Budget</b>                     | <b>Actual</b> | <b>Variance with<br/>Final Budget</b> |
| <b>Revenues</b>  |   |               |                                       |
| State:   |   |               |                                       |
| Public Education Capital Outlay (PECO)                   | \$ 1,378,965                                | \$ 1,378,965  | \$ -                                  |
| Charter School Capital Outlay Funding                    | 188,057                                     | 188,057       | -                                     |
| Total State Sources                                      | 1,567,022                                   | 1,567,022     | -                                     |
| Local:   |   |               |                                       |
| Investment Income  | 633   | 632           | (1)                                   |
| <b>Total Revenues</b>                                    | 1,567,655                                   | 1,567,654     | (1)                                   |
| <b>Expenditures</b>                                      |   |               |                                       |
| Current Education:                                       |   |               |                                       |
| Facility Services  | 105,406                                     | 105,406       | -                                     |
| Capital Outlay:  |   |               |                                       |
| Facilities Acquisition and Construction:                 |   |               |                                       |
| Improvements Other Than Buildings                        | 263,724                                     | 11,367        | 252,357                               |
| Remodeling and Renovations                               | 2,123,676                                   | 1,268,417     | 855,259                               |
| <b>Total Expenditures</b>                                | 2,492,806                                   | 1,385,190     | 1,107,616                             |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | (925,151)                                   | 182,464       | 1,107,615                             |
| <b>Other Financing Uses</b>                              |   |               |                                       |
| Transfers Out  | (188,057)                                   | (188,057)     | -                                     |
| <b>Net Change in Fund Balance</b>                        | (1,113,208)                                 | (5,593)       | 1,107,615                             |
| <b>Fund Balance - Beginning</b>                          | 1,137,646                                   | 1,137,646     | -                                     |
| <b>Fund Balance - Ending</b>                             | \$ 24,438                                   | \$ 1,132,053  | \$ 1,107,615                          |

**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, 2017**

|  | <b>Capital Outlay and Debt Service Fund</b> |               |                                       |
|--|---|---------------|---------------------------------------|
|  | <b>Final<br/>Budget</b>                     | <b>Actual</b> | <b>Variance with<br/>Final Budget</b> |
| <b>Revenues</b>  |   |               |                                       |
| State:   |   |               |                                       |
| Capital Outlay/Debt Service Distributed                      | \$ 1,136,374                                | \$ 1,136,373  | \$ (1)                                |
| Interest on Undistributed Capital Outlay and<br>Debt Service | 26,304                                      | 26,304        | -                                     |
| Total State  | 1,162,678                                   | 1,162,677     | (1)                                   |
| Local:   |   |               |                                       |
| Investment Income  | 4,093                                       | 4,092         | (1)                                   |
| <b>Total Revenues</b>  | 1,166,771                                   | 1,166,769     | (2)                                   |
| <b>Expenditures</b>  |   |               |                                       |
| Capital Outlay:  |   |               |                                       |
| Facilities Acquisition and Construction:                     |   |               |                                       |
| Remodeling and Renovation                                    | 2,662,610                                   | 1,420,304     | 1,242,306                             |
| Debt Service:  |   |               |                                       |
| Interest and Fiscal Charges                                  | 1,223                                       | 1,223         | -                                     |
| <b>Total Expenditures</b>                                    | 2,663,833                                   | 1,421,527     | 1,242,306                             |
| <b>Net Change in Fund Balance</b>                            | (1,497,062)                                 | (254,758)     | 1,242,304                             |
| <b>Fund Balance - Beginning</b>                              | 1,765,003                                   | 1,765,003     | -                                     |
| <b>Fund Balance - Ending</b>                                 | \$ 267,941                                  | \$ 1,510,245  | \$ 1,242,304                          |

**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, 2017**

|   | <b>Local Capital Improvement Fund</b> |                     |                                       |
|---|---------------------------------------|---------------------|---------------------------------------|
|   | <b>Final<br/>Budget</b>               | <b>Actual</b>       | <b>Variance with<br/>Final Budget</b> |
| <b>Revenues</b>                             |                                       |                     |                                       |
| Local:                                      |                                       |                     |                                       |
| District Local Capital Improvement Tax      | \$ 24,928,023                         | \$ 24,928,022       | \$ (1)                                |
| Tax Redemptions                             | 197,042                               | 197,042             | -                                     |
| Investment Income                           | 103,199                               | 103,187             | (12)                                  |
| Net Decrease in Fair Value of Investments   | (7,318)                               | (7,317)             | 1                                     |
| Refunds of Prior Year Expenses              | 10,527                                | 10,526              | (1)                                   |
| <b>Total Revenues</b>                       | <u>25,231,473</u>                     | <u>25,231,460</u>   | <u>(13)</u>                           |
| <b>Expenditures</b>                         |                                       |                     |                                       |
| Current Education:                          |                                       |                     |                                       |
| Facility Services                           | 98,513                                | 98,513              | -                                     |
| Capital Outlay:                             |                                       |                     |                                       |
| Facilities Acquisition and Construction:    |                                       |                     |                                       |
| Buildings and Fixed Equipment               | 392,141                               | 33,156              | 358,985                               |
| Improvements Other Than Buildings           | 606,930                               | 276,234             | 330,696                               |
| Remodeling and Renovations                  | 6,764,359                             | 1,110,841           | 5,653,518                             |
| Other Capital Outlay:                       |                                       |                     |                                       |
| Computer Hardware                           | 8,107                                 | 8,107               | -                                     |
| Buses                                       | 1,450,611                             | 1,450,611           | -                                     |
| Vehicles                                    | 630,620                               | 572,575             | 58,045                                |
| <b>Total Expenditures</b>                   | <u>9,951,281</u>                      | <u>3,550,037</u>    | <u>6,401,244</u>                      |
| <b>Excess of Revenues Over Expenditures</b> | <u>15,280,192</u>                     | <u>21,681,423</u>   | <u>6,401,231</u>                      |
| <b>Other Financing Uses</b>                 |                                       |                     |                                       |
| Transfers Out                               | <u>(20,401,027)</u>                   | <u>(20,401,025)</u> | <u>2</u>                              |
| <b>Net Change in Fund Balance</b>           | <u>(5,120,835)</u>                    | <u>1,280,398</u>    | <u>6,401,233</u>                      |
| <b>Fund Balance - Beginning</b>             | <u>7,023,105</u>                      | <u>7,023,105</u>    | <u>-</u>                              |
| <b>Fund Balance - Ending</b>                | <u>\$ 1,902,270</u>                   | <u>\$ 8,303,503</u> | <u>\$ 6,401,233</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, 2017**

|   | <b>Other Capital Projects Fund</b> |                         |                      |                                       |
|---|------------------------------------|-------------------------|----------------------|---------------------------------------|
|   | <b>Original<br/>Budget</b>         | <b>Final<br/>Budget</b> | <b>Actual</b>        | <b>Variance with<br/>Final Budget</b> |
| <b>Revenues</b>                                 |                                    |                         |                      |                                       |
| Local:  |                                    |                         |                      |                                       |
| Impact Fees                                     | \$ -                               | \$ 14,417               | \$ 14,417            | \$ -                                  |
| Investment Income                               | -                                  | 93,034                  | 93,029               | (5)                                   |
| Net Decrease in Fair Value of Investments       | -                                  | (19,994)                | (19,994)             | -                                     |
| <b>Total Revenues</b>                           | <u>-</u>                           | <u>87,457</u>           | <u>87,452</u>        | <u>(5)</u>                            |
| <b>Expenditures</b>                             |                                    |                         |                      |                                       |
| Capital Outlay:                                 |                                    |                         |                      |                                       |
| Facilities Acquisition and Construction:        |                                    |                         |                      |                                       |
| Land  | 865,494                            | 871,432                 | 12,892               | 858,540                               |
| Improvements Other Than Buildings               | 4,000                              | -                       | -                    | -                                     |
| Buildings and Fixed Equipment                   | 3,284,969                          | 4,236,794               | 540,997              | 3,695,797                             |
| Buses   | -                                  | 239                     | 239                  | -                                     |
| Total Facilities Acquisition and Construction   | <u>4,154,463</u>                   | <u>5,108,465</u>        | <u>554,128</u>       | <u>4,554,337</u>                      |
| <b>Total Expenditures</b>                       | <u>4,154,463</u>                   | <u>5,108,465</u>        | <u>554,128</u>       | <u>4,554,337</u>                      |
| <b>Deficiency of Revenues Over Expenditures</b> | <u>(4,154,463)</u>                 | <u>(5,021,008)</u>      | <u>(466,676)</u>     | <u>4,554,332</u>                      |
| <b>Other Financing Uses</b>                     |                                    |                         |                      |                                       |
| Transfers Out                                   | <u>-</u>                           | <u>(377,607)</u>        | <u>(377,605)</u>     | <u>2</u>                              |
| <b>Net Change in Fund Balance</b>               | <u>(4,154,463)</u>                 | <u>(5,398,615)</u>      | <u>(844,281)</u>     | <u>4,554,334</u>                      |
| <b>Fund Balance - Beginning</b>                 | <u>11,206,480</u>                  | <u>11,206,480</u>       | <u>11,206,480</u>    | <u>-</u>                              |
| <b>Fund Balance - Ending</b>                    | <u>\$ 7,052,017</u>                | <u>\$ 5,807,865</u>     | <u>\$ 10,362,199</u> | <u>\$ 4,554,334</u>                   |



**MARION COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

|                                  | <b>School Internal Accounts - Student Activity Funds</b> |                      |                      |                      |
|----------------------------------|--|----------------------|----------------------|----------------------|
|                                  | <b>July 1, 2016</b>                                      | <b>Additions</b>     | <b>Deletions</b>     | <b>June 30, 2017</b> |
| <b>Assets</b>                    |  |                      |                      |                      |
| Cash                             | <u>\$ 4,115,941</u>                                      | <u>\$ 13,277,838</u> | <u>\$ 13,272,835</u> | <u>\$ 4,120,944</u>  |
| <b>Liabilities</b>               |  |                      |                      |                      |
| School Internal Accounts Payable | <u>\$ 4,115,941</u>                                      | <u>\$ 13,277,838</u> | <u>\$ 13,272,835</u> | <u>\$ 4,120,944</u>  |

## **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, 2017**

|  | Public<br>Education<br>Foundation of<br>Marion<br>County, Inc. | Marion<br>Charter<br>School, Inc. | McIntosh<br>Area Charter<br>School,<br>Incorporated | Francis<br>Marion<br>Military<br>Academy, Inc. | Francis<br>Marion<br>Charter<br>School, Inc. | Total               |
|--|--|-----------------------------------|---|--|--|---------------------|
| <b>Assets</b>                            |  |                                   |   |  |  |                     |
| Current Assets:                          |  |                                   |   |  |  |                     |
| Cash                                     | \$ 225,089   | \$ 626,929                        | \$ 63,988   | \$ 38,236                                      | \$ 6,655                                     | \$ 960,897          |
| Accounts Receivable                      | 73,592   | 6,614                             | 10,845  | 4,829  | 13,761                                       | 109,641             |
| Deposits Receivable                      | -  | 1,600                             | -   | -  | 14,304                                       | 15,904              |
| Inventories                              | 613,168  | -                                 | -   | -  | -  | 613,168             |
| Prepaid Items                            | 34,560   | 1,138                             | 3,936   | 33,417   | -  | 73,051              |
| Total Current Assets                     | 946,409  | 636,281                           | 78,769  | 76,482   | 34,720                                       | 1,772,661           |
| Noncurrent Assets:                       |  |                                   |   |  |  |                     |
| Assets Held by Others                    | 2,163,111  | -                                 | -   | -  | -  | 2,163,111           |
| Investments                              | 611,814  | -                                 | -   | -  | -  | 611,814             |
| Capital Assets Not<br>Being Depreciated  | -  | 248,319                           | 116,514   | -  | -  | 364,833             |
| Capital Assets Being<br>Depreciated, Net | 22,902   | 414,248                           | 325,177   | 127,583  | 30,020                                       | 919,930             |
| Total Noncurrent Assets                  | 2,797,827  | 662,567                           | 441,691   | 127,583  | 30,020                                       | 4,059,688           |
| <b>Total Assets</b>                      | <b>3,744,236</b>   | <b>1,298,848</b>                  | <b>520,460</b>                                      | <b>204,065</b>                                 | <b>64,740</b>                                | <b>5,832,349</b>    |
| <b>Deferred Outflows of Resources</b>    |  |                                   |   |  |  |                     |
| Deferred Amount on Pension Liability     | -  | 347,859                           | -   | -  | -  | 347,859             |
| <b>Liabilities</b>                       |  |                                   |   |  |  |                     |
| Current Liabilities:                     |  |                                   |   |  |  |                     |
| Salaries and Benefits Payable            | -  | -                                 | 27,281  | -  | -  | 27,281              |
| Accounts Payable                         | 50,154   | 3,395                             | 1,480   | 9,542  | 2,334  | 66,905              |
| Funds Held for Others                    | 19,369   | -                                 | -   | -  | -  | 19,369              |
| Long-term Liabilities                    |  |                                   |   |  |  |                     |
| Due Within One Year                      | 2,697  | 59,854                            | 17,206  | 11,227   | -  | 90,984              |
| Total Current Liabilities                | 72,220   | 63,249                            | 45,967  | 20,769   | 2,334  | 204,539             |
| Noncurrent Liabilities                   |  |                                   |   |  |  |                     |
| Due After One Year                       | 3,572  | 827,631                           | 1,487   | 14,999   | -  | 847,689             |
| Total Noncurrent Liabilities             | 3,572  | 827,631                           | 1,487   | 14,999   | -  | 847,689             |
| <b>Total Liabilities</b>                 | <b>75,792</b>  | <b>890,880</b>                    | <b>47,454</b>                                       | <b>35,768</b>                                  | <b>2,334</b>                                 | <b>1,052,228</b>    |
| <b>Deferred Inflows of Resources</b>     |  |                                   |   |  |  |                     |
| Deferred Amount on Pension Liability     | -  | 21,431                            | -   | -  | -  | 21,431              |
| <b>Net Position</b>                      |  |                                   |   |  |  |                     |
| Net Investment in Capital Assets         | 22,902   | 555,920                           | 422,998   | 114,230  | 30,020                                       | 1,146,070           |
| Restricted for:                          |  |                                   |   |  |  |                     |
| Permanent Endowments:                    |  |                                   |   |  |  |                     |
| Nonexpendable                            | 115,288  | -                                 | -   | -  | -  | 115,288             |
| Other Purposes                           | 2,954,213  | -                                 | -   | -  | -  | 2,954,213           |
| Unrestricted                             | 576,041  | 178,476                           | 50,008  | 54,067   | 32,386                                       | 890,978             |
| <b>Total Net Position</b>                | <b>\$ 3,668,444</b>  | <b>\$ 734,396</b>                 | <b>\$ 473,006</b>                                   | <b>\$ 168,297</b>                              | <b>\$ 62,406</b>                             | <b>\$ 5,106,549</b> |

**MARION COUNTY DISTRICT SCHOOL BOARD  
NONMAJOR COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

|   |                     | Program Revenue            |  |  |
|---|---------------------|----------------------------|--|--|
|   |                     | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
|   | Expenses            |                            |  |  |
| <b>Nonmajor Component Units</b>                     |                     |                            |  |  |
| <b>Governmental Activities</b>                      |                     |                            |  |  |
| Public Education Foundation of Marion County, Inc.: |                     |                            |  |  |
| General Administration                              | \$ 357,552          | \$ -                       | \$ -                                     | \$ -                                   |
| Community Services                                  | 1,823,166           | -                          | 1,935,479                                | -                                      |
| Depreciation  | 7,408               | -                          | -  | -                                      |
| Total Public Education Foundation of Marion County  | 2,188,126           | -                          | 1,935,479                                | -                                      |
| Marion Charter School, Inc.:                        |                     |                            |  |  |
| Instruction   | 1,017,279           | 14,219                     | -  | -                                      |
| Student Support Services                            | 98,583              | -                          | -  | -                                      |
| General Administration                              | 385,500             | -                          | -  | 68,816                                 |
| Community Services                                  | 20,467              | 58,042                     | -  | -                                      |
| Unallocated Interest on Long-term Debt              | 6,913               | -                          | -  | 6,913                                  |
| Total Marion Charter School, Inc.                   | 1,528,742           | 72,261                     | -  | 75,729                                 |
| McIntosh Area Charter School, Incorporated:         |                     |                            |  |  |
| Instruction   | 363,777             | 9,156                      | -  | -                                      |
| Student Support Services                            | 500                 | -                          | -  | -                                      |
| General Administration                              | 200,115             | -                          | -  | 26,047                                 |
| Maintenance of Plant                                | 2,100               | -                          | -  | -                                      |
| Community Services                                  | 20,280              | 9,578                      | -  | -                                      |
| Unallocated Interest on Long-term Debt              | 1,823               | -                          | -  | -                                      |
| Total McIntosh Area Charter School, Incorporated    | 588,595             | 18,734                     | -  | 26,047                                 |
| Francis Marion Military Academy, Inc.:              |                     |                            |  |  |
| Instruction   | 483,029             | 15,562                     | 33,376                                   | -                                      |
| General Administration                              | 499,011             | -                          | -  | -                                      |
| Maintenance of Plant                                | 25,639              | -                          | -  | 47,391                                 |
| Community Services                                  | 12,311              | -                          | -  | -                                      |
| Unallocated Interest on Long-term Debt              | 1,793               | -                          | -  | -                                      |
| Total Francis Marion Military Academy, Inc.         | 1,021,783           | 15,562                     | 33,376                                   | 47,391                                 |
| Francis Marion Charter School, Inc.:                |                     |                            |  |  |
| Instruction   | 305,104             | -                          | -  | -                                      |
| General Administration                              | 436,222             | -                          | -  | -                                      |
| Maintenance of Plant                                | 889                 | -                          | -  | 38,890                                 |
| Community Services                                  | 21,226              | -                          | -  | -                                      |
| Total Francis Marion Charter School, Inc.           | 763,441             | -                          | -  | 38,890                                 |
| <b>Total Nonmajor Component Units</b>               | <b>\$ 6,090,687</b> | <b>\$ 106,557</b>          | <b>\$ 1,968,855</b>                      | <b>\$ 188,057</b>                      |

**General Revenues**

Grants and Contributions Not Restricted  
To Specific Programs  
Unrestricted Investment Earnings

**Total General Revenues**

Change in Net Position

Net Position - Beginning

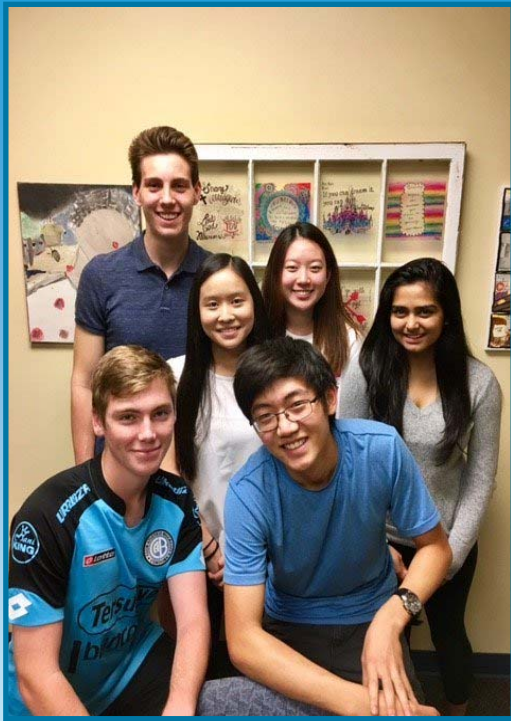
**Net Position - Ending**

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

| <b>Component Units</b>  |  |   |  |  |              |
|---|--|---|--|--|--------------|
| <b>Public Education<br/>Foundation of<br/>Marion<br/>County, Inc.</b> | <b>Marion<br/>Charter<br/>School,<br/>Inc.</b> | <b>McIntosh<br/>Area<br/>Charter School,<br/>Incorporated</b> | <b>Francis<br/>Marion<br/>Military<br/>Academy, Inc.</b> | <b>Francis<br/>Marion<br/>Charter<br/>School, Inc.</b> | <b>Total</b> |
| \$ (357,552)  | \$ -   | \$ -  | \$ -   | \$ -   | \$ (357,552) |
| 112,313   | -  | -   | -  | -  | 112,313      |
| (7,408)   | -  | -   | -  | -  | (7,408)      |
| (252,647)   | -  | -   | -  | -  | (252,647)    |
| -   | (1,003,060)                                    | -   | -  | -  | (1,003,060)  |
| -   | (98,583)                                       | -   | -  | -  | (98,583)     |
| -   | (316,684)                                      | -   | -  | -  | (316,684)    |
| -   | 37,575   | -   | -  | -  | 37,575       |
| -   | -  | -   | -  | -  | -            |
| -   | (1,380,752)                                    | -   | -  | -  | (1,380,752)  |
| -   | -  | (354,621)   | -  | -  | (354,621)    |
| -   | -  | (500)   | -  | -  | (500)        |
| -   | -  | (174,068)   | -  | -  | (174,068)    |
| -   | -  | (2,100)   | -  | -  | (2,100)      |
| -   | -  | (10,702)  | -  | -  | (10,702)     |
| -   | -  | (1,823)   | -  | -  | (1,823)      |
| -   | -  | (543,814)   | -  | -  | (543,814)    |
| -   | -  | -   | (434,091)  | -  | (434,091)    |
| -   | -  | -   | (499,011)  | -  | (499,011)    |
| -   | -  | -   | 21,752   | -  | 21,752       |
| -   | -  | -   | (12,311)   | -  | (12,311)     |
| -   | -  | -   | (1,793)  | -  | (1,793)      |
| -   | -  | -   | (925,454)  | -  | (925,454)    |
| -   | -  | -   | -  | (305,104)  | (305,104)    |
| -   | -  | -   | -  | (436,222)  | (436,222)    |
| -   | -  | -   | -  | 38,001   | 38,001       |
| -   | -  | -   | -  | (21,226)   | (21,226)     |
| -   | -  | -   | -  | (724,551)  | (724,551)    |
| (252,647)   | (1,380,752)                                    | (543,814)   | (925,454)  | (724,551)  | (3,827,218)  |
| -   | 1,453,343                                      | 499,230   | 1,005,586  | 694,086  | 3,652,245    |
| 60,553  | -  | -   | -  | -  | 60,553       |
| 60,553  | 1,453,343                                      | 499,230   | 1,005,586  | 694,086  | 3,712,798    |
| (192,094)   | 72,591   | (44,584)  | 80,132   | (30,465)   | (114,420)    |
| 3,860,538   | 661,805  | 517,590   | 88,165   | 92,871   | 5,220,969    |
| \$ 3,668,444  | \$ 734,396                                     | \$ 473,006  | \$ 168,297   | \$ 62,406  | \$ 5,106,549 |

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Education is the  
most powerful  
weapon which you  
can use to change  
the world.

~Nelson Mandela~



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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.

## CONTENTS

|   | <u>Page</u> |
|---|-------------|
| <b>Financial Trends</b>   |             |
| These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.   | 93          |
| <b>Revenue Capacity</b>   |             |
| These schedules present information to help the reader assess the District's most significant local revenue sources, which is property taxes.   | 98          |
| <b>Debt Capacity</b>  |             |
| These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | 104         |
| <b>Demographic and Economic Information</b>   |             |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.                                    | 109         |
| <b>Operating Information</b>  |             |
| These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 111         |

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: |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2008                        | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  |
| <b>Governmental Activities</b>         |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net Investment in Capital Assets       | \$ 341,762,148              | \$ 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        |
| Restricted                             | 89,525,923                  | 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            |
| Unrestricted (Deficit)                 | (7,254,735)                 | (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)         |
| <b>Total Governmental Net Position</b> | <b>\$ 424,033,336</b>       | <b>\$ 447,451,066</b> | <b>\$ 457,128,079</b> | <b>\$ 442,250,579</b> | <b>\$ 424,706,513</b> | <b>\$ 421,516,641</b> | <b>\$ 421,357,027</b> | <b>\$ 291,655,092</b> | <b>\$ 310,364,868</b> | <b>\$ 309,368,781</b> |

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

Source: Marion County District School Board, Finance Department Records

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

Table 2

|   | Fiscal Year Ending June 30: |                      |                     |                        |                        |                       |                     |                       |                      |                     |
|---|-----------------------------|----------------------|---------------------|------------------------|------------------------|-----------------------|---------------------|-----------------------|----------------------|---------------------|
|   | 2008                        | 2009                 | 2010                | 2011                   | 2012                   | 2013                  | 2014                | 2015                  | 2016                 | 2017                |
| <b>Governmental Activities</b>              |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| <b>Functions/Program Expenses:</b>          |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| Instruction                                 | \$ 209,504,540              | \$ 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      |
| Student Personnel Services                  | 24,166,357                  | 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          |
| Instructional Media Services                | 5,543,724                   | 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           |
| Instruction and Curriculum Development      | 7,977,806                   | 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           |
| Instructional Staff Training Services       | 5,512,266                   | 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           |
| Instruction Related Technology              | 2,542,527                   | 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           |
| Board of Education                          | 633,551                     | 621,036              | 576,161             | 660,329                | 609,104                | 610,546               | 634,052             | 590,682               | 693,524              | 683,341             |
| General Administration                      | 2,143,608                   | 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           |
| School Administration                       | 18,696,988                  | 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          |
| Facility Services                           | 12,931,761                  | 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           |
| Fiscal Services                             | 2,736,896                   | 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           |
| Food Services                               | 19,280,277                  | 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          |
| Central Services                            | 4,893,471                   | 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           |
| Student Transportation Services             | 25,390,210                  | 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          |
| Operation of Plant                          | 27,357,197                  | 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          |
| Maintenance of Plant                        | 11,298,938                  | 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           |
| Administrative Technology Services          | 4,336,244                   | 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           |
| Community Services                          | 3,475,705                   | 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           |
| Unallocated Interest on Long-term Debt      | 8,424,083                   | 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           |
| Unallocated Depreciation Expense (a)        | 8,024,189                   | 10,126,994           | 10,361,493          | 10,543,476             | 12,299,937             | 12,649,334            | -                   | -                     | 387,768              | -                   |
| Loss on Disposal of Capital Assets          | -                           | -                    | -                   | -                      | -                      | 246,664               | 18,286              | 193,054               | -                    | -                   |
| <b>Total Functions/Program Expenditures</b> | <b>404,870,338</b>          | <b>389,885,409</b>   | <b>396,441,201</b>  | <b>411,357,605</b>     | <b>374,361,311</b>     | <b>365,334,022</b>    | <b>368,355,105</b>  | <b>388,764,083</b>    | <b>396,255,131</b>   | <b>422,651,164</b>  |
| <b>Program Revenues:</b>                    |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| Charges for Services:                       |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| Instruction                                 | 4,894,294                   | 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           |
| Food Services                               | 5,662,999                   | 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           |
| Student Transportation Services             | 323,601                     | 335,932              | 312,460             | 238,274                | 153,100                | 146,869               | 127,208             | 190,060               | 159,872              | 195,592             |
| Operating Grants and Contributions:         |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| Food Services                               | 13,639,524                  | 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          |
| Student Transportation Services             | 11,467,327                  | 10,517,358           | -                   | -                      | -                      | -                     | -                   | -                     | -                    | -                   |
| Capital Grants and Contributions:           |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| Facility Services                           | 20,125,293                  | 5,853,001            | 8,051,663           | 302,732                | 292,553                | 450,199               | 539,517             | 727,911               | 1,273,724            | 1,365,151           |
| Maintenance of Plant                        | -                           | 814,191              | 2,298,626           | -                      | -                      | -                     | -                   | 824,100               | 917,392              | 1,378,965           |
| Unallocated Interest on Long-term Debt      | 1,247,550                   | 1,246,755            | 1,253,179           | 1,268,967              | 1,285,599              | 1,273,182             | 1,266,075           | 898,176               | 481,012              | 445,954             |
| <b>Total Functions/Program Expense</b>      | <b>57,360,588</b>           | <b>43,664,040</b>    | <b>37,756,442</b>   | <b>31,601,626</b>      | <b>30,235,639</b>      | <b>32,001,591</b>     | <b>32,438,667</b>   | <b>35,648,758</b>     | <b>37,996,401</b>    | <b>39,591,045</b>   |
| <b>Net Expense</b>                          | <b>347,509,750</b>          | <b>346,221,369</b>   | <b>358,684,759</b>  | <b>379,755,979</b>     | <b>344,125,672</b>     | <b>333,332,431</b>    | <b>335,916,438</b>  | <b>353,115,325</b>    | <b>358,258,730</b>   | <b>383,060,119</b>  |
| <b>General Revenues:</b>                    |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| Property Taxes Levied for:                  |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| Operational Purposes                        | 119,479,605                 | 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         |
| Capital Projects                            | 42,611,688                  | 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          |
| Local Sales Taxes                           | 20,770,565                  | 19,414,830           | 9,238,526           | -                      | -                      | -                     | -                   | -                     | -                    | -                   |
| Grants and Contributions Not                |                             |                      |                     |                        |                        |                       |                     |                       |                      |                     |
| Restricted to Specific Programs             | 193,336,608                 | 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         |
| Unrestricted Investment Earnings            | 7,199,706                   | (328,594)            | 2,356,932           | 1,398,387              | 968,085                | 984,783               | 322,748             | 254,671               | 403,219              | 678,134             |
| Extraordinary Items                         | -                           | -                    | -                   | -                      | -                      | -                     | -                   | -                     | -                    | -                   |
| Miscellaneous                               | 13,802,462                  | 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           |
| <b>Total Revenues</b>                       | <b>397,200,634</b>          | <b>369,639,100</b>   | <b>368,361,773</b>  | <b>364,878,479</b>     | <b>326,581,606</b>     | <b>326,078,758</b>    | <b>337,684,084</b>  | <b>350,814,801</b>    | <b>376,968,506</b>   | <b>382,064,032</b>  |
| <b>Change in Net Position</b>               | <b>\$ 49,690,884</b>        | <b>\$ 23,417,731</b> | <b>\$ 9,677,014</b> | <b>\$ (14,877,500)</b> | <b>\$ (17,544,066)</b> | <b>\$ (7,253,673)</b> | <b>\$ 1,767,646</b> | <b>\$ (2,300,524)</b> | <b>\$ 18,709,776</b> | <b>\$ (996,087)</b> |

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: |                     |                     |                     |                     |                     |                    |                    |                    |                    |
|--|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2008                        | 2009                | 2010                | 2011                | 2012                | 2013                | 2014               | 2015               | 2016               | 2017               |
| <b>Revenues</b>  |                             |                     |                     |                     |                     |                     |                    |                    |                    |                    |
| Federal Direct   | \$ 981,697                  | \$ 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       |
| Federal Through State and Local                          | 42,018,298                  | 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         |
| State  | 196,816,307                 | 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        |
| Local  | 214,160,084                 | 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        |
| <b>Total Revenues</b>                                    | <b>453,976,386</b>          | <b>413,037,838</b>  | <b>405,980,520</b>  | <b>394,984,955</b>  | <b>358,052,480</b>  | <b>357,920,317</b>  | <b>369,975,961</b> | <b>386,320,372</b> | <b>414,835,050</b> | <b>421,540,984</b> |
| <b>Expenditures</b>                                      |                             |                     |                     |                     |                     |                     |                    |                    |                    |                    |
| <b>Current - Education:</b>                              |                             |                     |                     |                     |                     |                     |                    |                    |                    |                    |
| Instruction  | 203,666,254                 | 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        |
| Student Personnel Services                               | 23,574,904                  | 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         |
| Instructional Media Services                             | 5,402,131                   | 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          |
| Instruction and Curriculum Development                   | 7,770,173                   | 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          |
| Instructional Staff Training Services                    | 5,383,146                   | 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          |
| Instruction Related Technology (a)                       | 2,481,471                   | 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          |
| Board of Education                                       | 620,847                     | 600,024             | 562,013             | 639,789             | 599,619             | 601,336             | 627,489            | 583,585            | 695,662            | 680,803            |
| General Administration                                   | 2,082,280                   | 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          |
| School Administration                                    | 18,165,186                  | 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         |
| Facility Services  | 853,056                     | 574,478             | 18,438              | 8,439,024           | 6,425,156           | 733,226             | 2,597,831          | 792,509            | 725,667            | 984,702            |
| Fiscal Services  | 2,660,367                   | 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          |
| Food Services  | 18,392,997                  | 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         |
| Central Services   | 4,751,967                   | 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          |
| Student Transportation Services                          | 24,736,052                  | 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         |
| Operation of Plant                                       | 26,621,750                  | 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         |
| Maintenance of Plant                                     | 10,924,839                  | 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          |
| Administrative Technology Services (a)                   | 4,145,610                   | 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          |
| Community Services                                       | 3,393,735                   | 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          |
| <b>Capital Outlay:</b>                                   |                             |                     |                     |                     |                     |                     |                    |                    |                    |                    |
| Facilities Acquisition and                               |                             |                     |                     |                     |                     |                     |                    |                    |                    |                    |
| Construction   | 73,326,980                  | 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          |
| Other Capital Outlay                                     | 2,402,392                   | 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          |
| <b>Debt Service:</b>                                     |                             |                     |                     |                     |                     |                     |                    |                    |                    |                    |
| Principal  | 9,053,112                   | 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         |
| Interest and Fiscal Charges                              | 8,397,333                   | 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          |
| Dues, Fees and Issuance Costs                            | 94,879                      | 14,895              | 377,219             | 19,700              | 75,916              | 70,035              | 215,027            | 134,022            | 424,808            | 19,271             |
| <b>Total Expenditures</b>                                | <b>458,901,461</b>          | <b>433,301,606</b>  | <b>430,770,353</b>  | <b>435,155,701</b>  | <b>381,474,157</b>  | <b>380,854,299</b>  | <b>365,063,163</b> | <b>388,164,418</b> | <b>407,700,000</b> | <b>417,192,155</b> |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <b>(4,925,075)</b>          | <b>(20,263,768)</b> | <b>(24,789,833)</b> | <b>(40,170,746)</b> | <b>(23,421,677)</b> | <b>(22,933,982)</b> | <b>4,912,798</b>   | <b>(1,844,046)</b> | <b>7,135,050</b>   | <b>4,348,829</b>   |

**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:                                    |                           |                           |                           |                           |                          |                          |                          |                          |                          |                          |
|--|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2008                      | 2009                      | 2010                      | 2011                      | 2012                     | 2013                     | 2014                     | 2015                     | 2016                     | 2017                     |
| <b>Other Financing Sources (Uses)</b>                          |                           |                           |                           |                           |                          |                          |                          |                          |                          |                          |
| 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                           | 12,000                    | 3,600                     | 96,680                    | -                         | -                        | -                        | -                        | -                        | -                        | -                        |
| Insurance Loss Recoveries                                      | 120,516                   | 88,623                    | 9,318                     | 23,977                    | 108,500                  | 58,443                   | 108,571                  | 74,416                   | 81,895                   | 50,296                   |
| Transfers In   | 20,673,467                | 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               |
| Transfers Out  | (20,673,467)              | (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)             |
| <b>Total Other Financing Sources (Uses)</b>                    | <u>132,516</u>            | <u>92,223</u>             | <u>478,465</u>            | <u>23,297</u>             | <u>1,378,618</u>         | <u>(1,100,490)</u>       | <u>1,327,308</u>         | <u>4,078,072</u>         | <u>493,428</u>           | <u>50,296</u>            |
| <b>Net Change in Fund Balances</b>                             | <u>(4,792,559)</u>        | <u>(20,171,545)</u>       | <u>(24,311,368)</u>       | <u>(40,147,449)</u>       | <u>(22,043,059)</u>      | <u>(24,034,472)</u>      | <u>6,240,106</u>         | <u>2,234,026</u>         | <u>7,628,478</u>         | <u>4,399,125</u>         |
| <b>Fund Balances - Beginning</b>                               | <u>190,152,993</u>        | <u>185,360,434</u>        | <u>165,188,889</u>        | <u>140,877,521</u>        | <u>100,730,072</u>       | <u>78,687,013</u>        | <u>54,652,541</u>        | <u>60,892,647</u>        | <u>63,126,673</u>        | <u>70,755,151</u>        |
| <b>Fund Balances - Ending</b>                                  | <u><u>185,360,434</u></u> | <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> |
| <b>Debt Service as a Percentage of Noncapital Expenditures</b> | 4.55%                     | 4.80%                     | 4.62%                     | 4.42%                     | 4.71%                    | 4.52%                    | 4.48%                    | 4.10%                    | 3.90%                    | 3.89%                    |

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: |                       |                       |                       |                      |                      |                      |                      |                      |                      |
|---|-----------------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2008(a)                     | 2009(a)               | 2010                  | 2011                  | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
| <b>General Fund</b>                       |                             |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Nonspendable                              | \$ 2,350,940                | \$ 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         |
| Spendable:                                |                             |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Restricted                                | 2,060,664                   | 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           |
| Assigned                                  | 601,554                     | 330,685               | 16,573,438            | 12,723,576            | 4,843,480            | -                    | 7,547,747            | 5,977,547            | 11,347,442           | 11,880,177           |
| Unassigned                                | 23,798,971                  | 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           |
| <b>Total General Fund</b>                 | <u>\$ 28,812,129</u>        | <u>\$ 32,346,706</u>  | <u>\$ 31,272,767</u>  | <u>\$ 26,909,569</u>  | <u>\$ 18,593,243</u> | <u>\$ 16,511,212</u> | <u>\$ 26,083,540</u> | <u>\$ 30,142,685</u> | <u>\$ 38,354,755</u> | <u>\$ 42,150,366</u> |
| <b>All Other Government Funds</b>         |                             |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Nonspendable                              | \$ 747,421                  | \$ 509,359            | \$ 541,201            | \$ 850,502            | \$ 822,146           | \$ 761,754           | \$ 1,439,665         | \$ 828,337           | \$ 895,462           | \$ 1,046,420         |
| Spendable:                                |                             |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Restricted                                | 155,825,086                 | 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           |
| Unassigned (b)                            | (24,202)                    | (24,759)              | (24,249)              | (56,309)              | (60,478)             | (53,329)             | (15,303)             | -                    | (14,549)             | -                    |
| <b>Total All Other Governmental Funds</b> | <u>\$ 156,548,305</u>       | <u>\$ 132,842,183</u> | <u>\$ 109,604,754</u> | <u>\$ 73,820,503</u>  | <u>\$ 60,093,770</u> | <u>\$ 38,141,329</u> | <u>\$ 34,809,107</u> | <u>\$ 32,983,988</u> | <u>\$ 32,400,396</u> | <u>\$ 33,003,910</u> |
| <b>Combined Governmental Funds</b>        | <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> |

(a) The Districted 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<br>Ending<br>June 30, | Property Taxes          |                     | Sales<br>Surtax (a) | Impact<br>Fees (b) | Total          |
|-----------------------------------|-------------------------|---------------------|---------------------|--------------------|----------------|
|                                   | Operational<br>Purposes | Capital<br>Projects |                     |                    |                |
| 2008                              | \$ 119,479,605          | \$ 42,611,688       | \$ 20,770,565       | \$ 4,967,977       | \$ 187,829,835 |
| 2009                              | 124,589,357             | 38,043,765          | 19,414,830          | 2,484,914          | 184,532,866    |
| 2010                              | 114,728,839             | 28,787,837          | 9,238,526           | 740,445            | 153,495,647    |
| 2011                              | 104,543,105             | 26,226,951          | -                   | 958,161            | 131,728,217    |
| 2012                              | 99,086,319              | 23,954,343          | -                   | 220,642            | 123,261,304    |
| 2013                              | 91,929,027              | 22,351,178          | -                   | 57,874             | 114,338,079    |
| 2014                              | 86,908,625              | 22,325,029          | -                   | 26,953             | 109,260,607    |
| 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    |

(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**

| <b>Fiscal Year<br/>Ending<br/>June 30,</b> |    | <b>Real<br/>Property</b> | <b>Tangible<br/>Property</b> | <b>Railroad<br/>Property</b> | <b>Less:<br/>Tax-Exempt<br/>Property</b> | <b>Total Taxable<br/>Assessed<br/>Value (a)</b> | <b>Total Direct<br/>Tax Rate</b> |
|--|----|--------------------------|------------------------------|------------------------------|--|---|----------------------------------|
| 2008                                       | \$ | 36,918,976,765           | \$ 1,531,172,245             | \$ 18,006,999                | \$ 16,120,773,828                        | \$ 22,347,382,181                               | 7.607                            |
| 2009                                       |    | 36,172,335,899           | 1,608,354,450                | 15,007,701                   | 15,472,964,184                           | 22,322,733,866                                  | 7.498                            |
| 2010                                       |    | 31,005,053,635           | 1,547,921,757                | 15,121,409                   | 12,592,151,804                           | 19,975,944,997                                  | 7.478                            |
| 2011                                       |    | 27,141,206,875           | 1,424,892,450                | 13,690,221                   | 10,703,365,015                           | 17,876,424,531                                  | 7.487                            |
| 2012                                       |    | 24,124,431,238           | 1,372,246,797                | 15,044,813                   | 9,006,785,016                            | 16,504,937,832                                  | 7.708                            |
| 2013                                       |    | 21,713,674,702           | 1,325,660,677                | 18,381,187                   | 7,642,130,994                            | 15,415,585,572                                  | 7.671                            |
| 2014                                       |    | 21,662,690,013           | 1,365,147,480                | 19,153,005                   | 7,689,024,236                            | 15,357,966,262                                  | 7.339                            |
| 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                            |

(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: |                |                |                |                |                |                |                |                |                |
|--|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2008                        | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           |
| <b>Direct</b>                                      |                             |                |                |                |                |                |                |                |                |                |
| <b>Marion County District School Board</b>         |                             |                |                |                |                |                |                |                |                |                |
| General Fund (Required Local Effort)               | 4.8960                      | 5.0530         | 5.2300         | 5.2390         | 5.4600         | 5.4230         | 5.0910         | 5.0500         | 4.9240         | 4.6540         |
| General Fund (Discretionary)                       | 0.7110                      | 0.6950         | 0.7480         | 0.7480         | 0.7480         | 0.7480         | 0.7480         | 0.7480         | 0.7480         | 0.7480         |
| Capital Projects Fund                              | 2.0000                      | 1.7500         | 1.5000         | 1.5000         | 1.5000         | 1.5000         | 1.5000         | 1.5000         | 1.5000         | 1.5000         |
| Additional Voted Millage                           | -                           | -              | -              | -              | -              | -              | -              | -              | 1.0000         | 1.0000         |
| <b>Total School Board</b>                          | <b>7.6070</b>               | <b>7.4980</b>  | <b>7.4780</b>  | <b>7.4870</b>  | <b>7.7080</b>  | <b>7.6710</b>  | <b>7.3390</b>  | <b>7.2980</b>  | <b>8.1720</b>  | <b>7.9020</b>  |
| <b>Overlapping</b>                                 |                             |                |                |                |                |                |                |                |                |                |
| <b>Board of County Commissioners</b>               |                             |                |                |                |                |                |                |                |                |                |
| General Fund                                       | 2.7300                      | 3.1300         | 3.1300         | 3.1900         | 3.1900         | 3.1900         | 3.1900         | 3.1900         | 3.1900         | 3.1900         |
| Fine and Forfeiture Fund                           | 0.5600                      | 0.5600         | 0.5600         | 0.5300         | 0.5300         | 0.5300         | 0.5300         | 0.5300         | 0.5300         | 0.5300         |
| Parks and Land Acquisition Debt Service Fund       | 0.0800                      | 0.0800         | 0.0900         | 0.0500         | 0.0500         | 0.0500         | 0.0600         | 0.0600         | 0.0600         | 0.0500         |
| 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         |
| <b>Total General County</b>                        | <b>3.4900</b>               | <b>3.8900</b>  | <b>3.9000</b>  | <b>3.8900</b>  | <b>3.8900</b>  | <b>3.8900</b>  | <b>3.9000</b>  | <b>3.9000</b>  | <b>3.9000</b>  | <b>3.8900</b>  |
| <b>Total County-Wide</b>                           | <b>11.0970</b>              | <b>11.3880</b> | <b>11.3780</b> | <b>11.3770</b> | <b>11.5980</b> | <b>11.5610</b> | <b>11.2390</b> | <b>11.1980</b> | <b>12.0720</b> | <b>11.7920</b> |
| <b>Special Districts</b>                           |                             |                |                |                |                |                |                |                |                |                |
| Rainbow Lakes Estates MSD (b)                      | 1.0800                      | 1.5600         | 2.0000         | 2.0000         | 2.2500         | 2.2500         | 2.2500         | 2.2500         | 2.2500         | 2.2500         |
| Rainbow Lakes Estates MSTU (c)                     | 0.2100                      | 0.3000         | 0.3400         | 0.3400         | 0.3800         | 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                      | 2.0300         | 2.3300         | 2.8100         | 2.8100         | 2.8100         | 3.2100         | 3.4700         | 3.4700         | 3.4700         |
| MSTU for EMS (c)                                   | 0.8300                      | 0.8300         | 0.8300         | 0.8300         | 0.7700         | 0.7700         | 0.7700         | 0.7700         | 0.7700         | 0.7700         |
| MSTU for EMT (c)                                   | 0.4000                      | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Silver Springs Shores Special Tax District         | 2.8500                      | 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)             | 0.0900                      | 0.1400         | 0.1400         | 0.1800         | 0.1800         | 0.1800         | 0.1800         | 0.1800         | 0.1800         | 0.1800         |
| <b>Southwest Florida Water Management District</b> | <b>0.6174</b>               | <b>0.6174</b>  | <b>0.6174</b>  | <b>0.6078</b>  | <b>0.3928</b>  | <b>0.3928</b>  | <b>0.3818</b>  | <b>0.3658</b>  | <b>0.3488</b>  | <b>0.3317</b>  |
| <b>St. Johns River Water Management District</b>   | <b>0.4158</b>               | <b>0.4158</b>  | <b>0.4158</b>  | <b>0.4158</b>  | <b>0.3313</b>  | <b>0.3313</b>  | <b>0.3283</b>  | <b>0.3164</b>  | <b>0.3023</b>  | <b>0.2885</b>  |
| <b>Municipalities</b>                              |                             |                |                |                |                |                |                |                |                |                |
| Ocala  | 4.5288                      | 4.5288         | 4.9664         | 5.6183         | 5.9332         | 6.1502         | 6.2502         | 6.1638         | 6.6177         | 6.6177         |
| Ocala (Downtown Development District "A")          | 1.5470                      | 1.3726         | 1.3967         | 1.5647         | 1.5862         | 1.6461         | 1.5967         | 1.4966         | 1.4966         | 1.7185         |
| Ocala (Downtown Development District "B")          | 1.1981                      | 1.1566         | 1.2163         | 1.5508         | 1.6191         | 1.6542         | 1.7013         | 1.6332         | 1.6332         | 1.6332         |
| Ocala (Downtown Development District "C")          | 1.0115                      | 0.9493         | 1.0062         | 1.1347         | 1.1772         | 1.2332         | 1.2810         | 1.2825         | 1.2825         | 1.5091         |
| Bellevue   | 2.8905                      | 2.8905         | 2.9544         | 3.3472         | 3.9912         | 3.9912         | 3.9912         | 3.9912         | 4.5000         | 4.5000         |
| Dunnellon  | 5.2266                      | 5.2266         | 6.4469         | 6.9101         | 7.1408         | 6.8013         | 7.1408         | 7.5000         | 7.5000         | 7.5000         |
| McIntosh   | 0.8681                      | 1.8050         | 1.9670         | 2.1344         | 2.2988         | 2.5546         | 2.5198         | 2.4087         | 2.3175         | 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**

| <b>Fiscal Year<br/>Ending<br/>June 30,</b> | <b>Direct</b>  | <b>Overlapping</b>  |   |
|--|--|---|---|
|  | <b>Marion County<br/>School Board<br/>Discretionary<br/>Sales Surtax (a)</b> | <b>Marion County<br/>Board of<br/>County<br/>Commissioner (c)</b> | <b>State of<br/>Florida<br/>Sales Tax (b)</b> |
| 2008                                       | 0.5%   |   | 6.0%  |
| 2009                                       | 0.5%   |   | 6.0%  |
| 2010                                       | 0.5%   |   | 6.0%  |
| 2011                                       | -  |   | 6.0%  |
| 2012                                       | -  |   | 6.0%  |
| 2013                                       | -  |   | 6.0%  |
| 2014                                       | -  |   | 6.0%  |
| 2015                                       | -  |   | 6.0%  |
| 2016                                       | -  |   | 6.0%  |
| 2017                                       |  | 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 dollar.  
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**

| <b>Taxpayer</b>                        | <b>2017</b>                           |             |  | <b>2008</b>                           |             |  |
|--|---------------------------------------|-------------|--|---------------------------------------|-------------|--|
|  | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Rank</b> | <b>Percentage<br/>of Total County<br/>Taxable<br/>Assessed<br/>Value</b> | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Rank</b> | <b>Percentage<br/>of Total County<br/>Taxable<br/>Assessed<br/>Value</b> |
| Duke Energy (Progress Energy)          | \$ 201,659,101                        | 1           | 1.17%  | \$ 119,509,905                        | 2           | 0.53%  |
| Marion County Hospital District        | 139,703,101                           | 2           | 0.81%  |                                       |             | 0.00%  |
| Sumter Electric Cooperative, Inc.      | 120,560,659                           | 3           | 0.70%  | 87,672,900                            | 3           | 0.39%  |
| Wal Mart                               | 72,310,807                            | 4           | 0.42%  | 67,616,489                            | 7           | 0.30%  |
| Embarq (formerly Sprint-Florida, Inc.) | 59,210,489                            | 5           | 0.34%  | 150,389,517                           | 1           | 0.67%  |
| Marion Community Hospital              | 58,933,255                            | 6           | 0.34%  | 52,887,649                            | 9           | 0.24%  |
| K-Mart Distribution                    | 52,207,608                            | 7           | 0.30%  | 64,208,013                            | 8           | 0.29%  |
| Paddock Mall Associates                | 42,342,891                            | 8           | 0.25%  |                                       |             | 0.00%  |
| On Top of the World                    | 38,009,799                            | 9           | 0.22%  | 72,768,973                            | 4           | 0.33%  |
| Clay Electric Cooperative, Inc.        | 32,517,736                            | 10          | 0.19%  |                                       |             | 0.00%  |
| Carlton Arms of Ocala                  |                                       |             | 0.00%  | 37,421,736                            | 10          | 0.17%  |
| SBI Group                              |                                       |             | 0.00%  | 71,912,918                            | 5           | 0.32%  |
| Deltona Corp                           |                                       |             | 0.00%  | 69,528,017                            | 6           | 0.31%  |
| <b>Total Principal Taxpayers</b>       | <b>817,455,446</b>                    |             | <b>4.74%</b>   | <b>793,916,117</b>                    |             | <b>3.55%</b>   |
| <b>All Other Taxpayers</b>             | <b>16,435,587,858</b>                 |             | <b>95.26%</b>  | <b>21,553,466,064</b>                 |             | <b>96.45%</b>  |
| <b>Total Taxable Valuation</b>         | <b>\$ 17,253,043,304</b>              |             | <b>100.00%</b>   | <b>\$ 22,347,382,181</b>              |             | <b>100.00%</b>   |

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

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

*Table 10*

| Fiscal<br>Year<br>Ending<br>June 30, | Taxes Levied<br>for the<br>Fiscal Year | Collected Within the<br>Fiscal Year of the Levy |                       | Collections<br>in Subsequent<br>Years | Total Collections to Date |                       |
|--------------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                      |  | Amount (a)                                      | Percentage<br>of Levy |                                       | Amount (a)                | Percentage<br>of Levy |
| 2008                                 | \$ 170,492,916                         | \$ 161,800,192                                  | 94.90%                | \$ 291,101                            | \$ 162,091,293            | 95.07%                |
| 2009                                 | 168,776,671                            | 158,593,292                                     | 93.97%                | 4,039,831                             | 162,633,123               | 96.36%                |
| 2010                                 | 150,217,728                            | 143,516,676                                     | 95.54%                | 2,200,148                             | 145,716,824               | 97.00%                |
| 2011                                 | 134,903,407                            | 129,266,064                                     | 95.82%                | 1,503,993                             | 130,770,057               | 96.94%                |
| 2012                                 | 127,785,556                            | 122,361,191                                     | 95.76%                | 679,471                               | 123,040,662               | 96.29%                |
| 2013                                 | 118,252,957                            | 113,380,571                                     | 95.88%                | 899,634                               | 114,280,205               | 96.64%                |
| 2014                                 | 112,712,184                            | 108,509,196                                     | 96.27%                | 724,458                               | 109,233,654               | 96.91%                |
| 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%                |

(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**

| <b>Fiscal<br/>Year<br/>Ending<br/>June 30,</b> | <b>Bonds<br/>Payable</b> | <b>Certificates<br/>of<br/>Participation</b> | <b>Note<br/>Payable</b> | <b>Capital<br/>Lease</b> | <b>Deferred<br/>Amounts</b> | <b>Total</b>   | <b>Total<br/>Debt Per<br/>Capita<br/>(a)</b> | <b>Total Debt as<br/>a Percentage<br/>of Personal<br/>Income (b)</b> |
|--|--------------------------|--|-------------------------|--------------------------|-----------------------------|----------------|--|--|
| 2008   | \$ 12,485,000            | \$ 164,625,000                               | \$ -                    | \$ 1,402,731             | \$ 3,254,899                | \$ 181,767,630 | 559  | 1.99%  |
| 2009   | 11,585,000               | 156,525,000                                  | -                       | 950,205                  | 3,078,687                   | 172,138,892    | 521  | 1.75%  |
| 2010   | 10,615,000               | 148,445,000                                  | -                       | 482,792                  | 593,898                     | 160,136,690    | 483  | 1.57%  |
| 2011   | 9,590,000                | 139,570,000                                  | -                       | -                        | 586,144                     | 149,746,144    | 451  | 1.47%  |
| 2012   | 9,425,000                | 131,360,000                                  | -                       | -                        | 2,098,067                   | 142,883,067    | 426  | 1.38%  |
| 2013   | 7,185,000                | 122,335,000                                  | -                       | -                        | 1,965,489                   | 131,485,489    | 391  | 1.21%  |
| 2014   | 6,966,500                | 115,075,000                                  | -                       | -                        | 196,175                     | 122,237,675    | 360  | 1.03%  |
| 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%  |

(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**

| <b>Fiscal Year<br/>Ending<br/>June 30,</b> | <b>Population (a)</b> | <b>Assessed<br/>Value (b)</b> | <b>Bonds<br/>Payable</b> | <b>Certificates<br/>of<br/>Participation</b> | <b>Deferred<br/>Amounts</b> | <b>Gross Bonded<br/>Debt</b> | <b>Less Debt<br/>Service<br/>Funds</b> | <b>Net<br/>Bonded<br/>Debt</b> | <b>Ratio of Net<br/>Bonded Debt<br/>to Assessed<br/>Value</b> | <b>Net Bonded<br/>Debt per<br/>Capita</b> | <b>Net Bonded<br/>Debt as a<br/>Percentage of<br/>Personal<br/>Income (c)</b> |
|--|-----------------------|-------------------------------|--------------------------|--|-----------------------------|------------------------------|--|--------------------------------|---|---|---|
| 2008                                       | 325,023               | \$ 22,347,382,181             | \$ 12,485,000            | \$ 164,625,000                               | \$ 3,254,899                | \$ 180,364,899               | \$ 596,319                             | \$ 179,768,580                 | 0.80%   | \$ 553.09                                 | 1.97%   |
| 2009                                       | 330,440               | 22,322,733,866                | 11,585,000               | 156,525,000                                  | 3,078,687                   | 171,188,687                  | 571,608                                | 170,617,079                    | 0.76%   | 516.33                                    | 1.74%   |
| 2010                                       | 331,800               | 19,975,944,997                | 10,615,000               | 148,445,000                                  | 593,898                     | 159,653,898                  | 554,960                                | 159,098,938                    | 0.80%   | 479.50                                    | 1.56%   |
| 2011                                       | 332,387               | 17,876,424,531                | 9,590,000                | 139,570,000                                  | 586,144                     | 149,746,144                  | 525,621                                | 149,220,523                    | 0.83%   | 448.94                                    | 1.46%   |
| 2012                                       | 335,697               | 16,504,937,832                | 9,425,000                | 131,360,000                                  | 2,098,067                   | 142,883,067                  | 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%   |

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

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

(c) See Table 16 for Personal Income.

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

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

**Table 13**

|   | Fiscal Year Ending June 30: |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 2008                        | 2009                     | 2010                     | 2011                     | 2012                     | 2013                     | 2014                     | 2015                     | 2016                     | 2017                     |
| <b>Assessed Value (a)</b>   | <u>\$ 22,347,382,181</u>    | <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> |
| <b>Debt Limit on Assessed Value (b)</b>   | <u>\$ 22,347,382,181</u>    | <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> |
| <b>Amount of Debt Applicable to Debt Limit:</b>                                 |                             |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Bonds Payable (c)   | \$ -                        | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     |
| Less: Amount Available for Debt Service   | -                           | -                        | -                        | -                        | -                        | -                        | -                        | -                        | -                        | -                        |
| Total Debt Applicable to the Debt Limit   | -                           | -                        | -                        | -                        | -                        | -                        | -                        | -                        | -                        | -                        |
| <b>Legal Debt Margin</b>  | <u>\$ 22,347,382,181</u>    | <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> |
| <b>Total Net Debt Applicable to the Limit<br/>as a Percentage of Debt Limit</b> | 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**

| <b>Fiscal Year<br/>Ending<br/>June 30,</b> | <b>Taxable<br/>Assessed<br/>Value (a)</b> | <b>Annual Lease<br/>Payment</b> | <b>Millage Levy<br/>Required (b)</b> |
|--|---|---------------------------------|--------------------------------------|
| 2008                                       | \$ 22,347,382                             | \$ 15,472,497                   | 0.73                                 |
| 2009                                       | 22,322,734                                | 15,615,721                      | 0.74                                 |
| 2010                                       | 19,975,945                                | 15,524,129                      | 0.82                                 |
| 2011                                       | 17,876,425                                | 15,508,904                      | 0.91                                 |
| 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                                 |

(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<br>Ending<br>June 30, | District Revenue Bonds  |                          |              |            |                      |          |
|-----------------------------------|-------------------------|--------------------------|--------------|------------|----------------------|----------|
|                                   | Pari-Mutuel<br>Revenues | Miscellaneous<br>Revenue | Debt Service |            | Other<br>Dues & Fees | Coverage |
|                                   |                         |                          | Principal    | Interest   |                      |          |
| 2008                              | \$ 223,250              | \$ 11,744                | \$ 70,000    | \$ 149,580 | \$ 539               | 1.07     |
| 2009                              | 223,250                 | 4,071                    | 70,000       | 146,850    | 539                  | 1.05     |
| 2010                              | 223,250                 | 1,009                    | 75,000       | 143,913    | 539                  | 1.02     |
| 2011                              | 223,250                 | 1,299                    | 80,000       | 140,725    | 539                  | 1.01     |
| 2012                              | 223,250                 | 1,398                    | 80,000       | 137,375    | 539                  | 1.03     |
| 2013                              | 223,250                 | 1,379                    | 85,000       | 133,805    | 539                  | 1.02     |
| 2014 (a)                          | 223,250                 | 776                      | 94,000       | 104,207    | 350                  | 1.13     |
| 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     |

(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**

| <b>Fiscal Year<br/>Ending<br/>June 30,</b> | <b>Population (a)</b> | <b>Personal<br/>Income (b)<br/>(in thousands)</b> | <b>Per Capita<br/>Personal<br/>Income</b> | <b>Unemployment Rate (c)</b> |                |                          |
|--|-----------------------|---|---|------------------------------|----------------|--------------------------|
|  |                       |   |   | <b>Marion<br/>County</b>     | <b>Florida</b> | <b>United<br/>States</b> |
| 2008                                       | 325,023               | \$ 9,118,829                                      | \$ 28,056                                 | 7.2%                         | 5.7%           | 5.7%                     |
| 2009                                       | 330,440               | 9,827,058   | 29,739                                    | 12.6%                        | 10.8%          | 9.7%                     |
| 2010                                       | 331,800               | 10,215,839  | 30,789                                    | 13.9%                        | 11.6%          | 9.6%                     |
| 2011                                       | 332,387               | 10,216,751  | 30,738                                    | 12.6%                        | 11.1%          | 9.3%                     |
| 2012                                       | 335,697               | 10,351,583  | 30,836                                    | 10.5%                        | 9.3%           | 8.2%                     |
| 2013                                       | 336,659               | 10,876,674  | 32,308                                    | 7.8%                         | 7.0%           | 7.6%                     |
| 2014                                       | 340,018               | 11,920,530  | 35,059                                    | 7.8%                         | 6.7%           | 6.1%                     |
| 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%                     |

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

(b) The personal income and per capita is as of 2016 (the most recent year available) with projections for 2017.

(c) The unemployment rates are as of June.

Sources: Florida Research and Economic Information Database - <http://fred.labormarketinfo.com>  
and [freida.labormarketinfo.com](http://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**

| <b><u>Employer</u></b>  | <b>2017</b>                           |                    |   | <b>2008</b>                           |                    |   |
|---|---------------------------------------|--------------------|---|---------------------------------------|--------------------|---|
|   | <b><u>Number of<br/>Employees</u></b> | <b><u>Rank</u></b> | <b><u>Percentage of<br/>Total County<br/>Employment</u></b> | <b><u>Number of<br/>Employees</u></b> | <b><u>Rank</u></b> | <b><u>Percentage of<br/>Total County<br/>Employment</u></b> |
| Marion County Public Schools                                      | 5,923                                 | 1                  | 4.58%   | 6,090                                 | 1                  | 4.75%   |
| Munroe Regional Medical Center                                    | 2,648                                 | 2                  | 2.05%   | 2,500                                 | 3                  | 1.95%   |
| State of Florida (all departments)                                | 2,600                                 | 3                  | 2.01%   | 4,187                                 | 2                  | 3.26%   |
| Wal-Mart (Combined)   | 2,370                                 | 4                  | 1.83%   | 2,456                                 | 4                  | 1.91%   |
| Ocala Regional Medical Center & West Marion<br>Community Hospital | 2,166                                 | 5                  | 1.67%   | 1,301                                 | 8                  | 1.01%   |
| Publix Supermarkets (combined)                                    | 1,488                                 | 6                  | 1.15%   | 1,467                                 | 6                  | 1.14%   |
| Marion County Board of County Com.                                | 1,368                                 | 7                  | 1.06%   | 1,400                                 | 7                  | 1.09%   |
| AT&T  | 1,000                                 | 8                  | 0.77%   |                                       |                    |   |
| City of Ocala (all departments)                                   | 989                                   | 9                  | 0.76%   | 1,244                                 | 9                  |   |
| Lockheed Martin   | 981                                   | 10                 | 0.76%   |                                       |                    |   |
| Emergency One, Inc.   |                                       |                    |   | 1,100                                 | 10                 | 0.86%   |
| US Government (Combined)  |                                       |                    |   | 2,011                                 | 5                  | 1.57%   |
| <b>Totals</b>   | <b>21,533</b>                         |                    | <b>16.64%</b>   | <b>23,756</b>                         |                    | <b>17.54%</b>   |
| All Others  | <b>107,805</b>                        |                    | <b>83.35%</b>   | <b>104,577</b>                        |                    | <b>82.46%</b>   |
| <b>Total Employment</b>   | <b>129,338</b>                        |                    | <b>100.00%</b>  | <b>128,333</b>                        |                    | <b>100%</b>   |

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: |              |              |              |              |              |              |              |              |              |
|----------------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                  | 2008                        | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         |
| Instructors                      | 2,934                       | 2,863        | 2,891        | 2,961        | 2,852        | 2,811        | 2,734        | 2,749        | 2,894        | 2,862        |
| Administrators                   | 175                         | 173          | 174          | 171          | 165          | 165          | 169          | 173          | 189          | 198          |
| Non-Instructional                | 1,219                       | 1,123        | 1,057        | 1,020        | 1,004        | 965          | 1,028        | 1,099        | 1,147        | 1,127        |
| Educational Support              | 1,762                       | 1,717        | 1,753        | 1,761        | 1,674        | 1,684        | 1,673        | 1,690        | 1,828        | 1,736        |
| <b>Total Full Time Employees</b> | <b>6,090</b>                | <b>5,876</b> | <b>5,875</b> | <b>5,913</b> | <b>5,695</b> | <b>5,625</b> | <b>5,604</b> | <b>5,711</b> | <b>6,058</b> | <b>5,923</b> |

**Source:** Marion County District School Board, Payroll Department records

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

**Table 19**

| <b>Fiscal Year<br/>Ending<br/>June 30,</b> | <b>Number<br/>of<br/>Schools</b> | <b>Expenditures (a) (e)</b> | <b>Student<br/>Membership (b)</b> | <b>Cost<br/>Per<br/>Student</b> | <b>Percentage<br/>Change</b> | <b>Total<br/>All<br/>Employees</b> | <b>Teaching<br/>Staff</b> | <b>Student/<br/>Teacher<br/>Ratio</b> | <b>Student<br/>Attendance<br/>Percentage (c)</b> | <b>Unweighted<br/>FTE (d)</b> | <b>Ratio of<br/>FTE to<br/>Instructors</b> | <b>Ratio of<br/>FTE to<br/>All<br/>Employees</b> |
|--|----------------------------------|-----------------------------|-----------------------------------|---------------------------------|------------------------------|------------------------------------|---------------------------|---------------------------------------|--|-------------------------------|--|--|
| 2008                                       | 48                               | \$ 367,382,376              | 42,691                            | \$ 8,606                        | n/a                          | 6,090                              | 2,934                     | 14.6                                  | 96.93%   | 41,668                        | 14.20                                      | 6.84   |
| 2009                                       | 48                               | 350,240,755                 | 41,498                            | 8,440                           | -1.93%                       | 5,876                              | 2,863                     | 14.5                                  | 95.41%   | 41,792                        | 14.60                                      | 7.11   |
| 2010                                       | 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%                        | 6,058                              | 2,894                     | 14.7                                  | 93.62%   | 42,192                        | 14.58                                      | 6.96   |
| 2017                                       | 49                               | 361,711,365                 | 42,893                            | 8,433                           | 1.74%                        | 5,923                              | 2,862                     | 15.0                                  | 93.34%   | 42,260                        | 14.77                                      | 7.13   |

(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**

|   | <b>Fiscal Year Ending June 30:</b> |               |               |               |               |               |               |               |               |               |
|---|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | <b>2008</b>                        | <b>2009</b>   | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   | <b>2013</b>   | <b>2014</b>   | <b>2015</b>   | <b>2016</b>   | <b>2017</b>   |
| Days Meals Were Served  | 180                                | 180           | 180           | 180           | 180           | 180           | 180           | 180           | 180           | 180           |
| Average Number of Free and Reduced Meals Served Daily             | 31,794                             | 33,590        | 36,106        | 38,045        | 39,489        | 38,901        | 37,858        | 40,633        | 42,957        | 43,336        |
| Number of Free and Reduced Meals Served                           | 5,722,889                          | 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     |
| Average Daily Subsidy   | \$ 70,172                          | \$ 78,690     | \$ 87,589     | \$ 90,968     | \$ 95,717     | \$ 99,581     | \$ 107,516    | \$ 119,137    | \$ 128,714    | \$ 134,018    |
| Total Subsidy Received  | \$ 12,630,918                      | \$ 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 |
| Average Number of Meals Served Daily                              | 43,978                             | 45,203        | 45,808        | 47,869        | 48,868        | 47,342        | 49,658        | 50,407        | 46,282        | 46,968        |
| Number of Meals Served  | 7,916,097                          | 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     |
| Percentage of Free and Reduced Meals Served to Total Meals Served | 72%                                | 74%           | 79%           | 79%           | 81%           | 82%           | 76%           | 81%           | 93%           | 92%           |
| Average Daily Sales   | \$ 108,124                         | \$ 114,594    | \$ 121,164    | \$ 123,899    | \$ 128,579    | \$ 130,665    | \$ 133,740    | \$ 143,356    | \$ 155,188    | \$ 157,171    |
| Total Revenue   | \$ 19,462,242                      | \$ 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 |
| Average Daily Costs   | \$ 104,691                         | \$ 109,885    | \$ 112,828    | \$ 113,623    | \$ 124,341    | \$ 125,570    | \$ 135,218    | \$ 148,114    | \$ 154,023    | \$ 154,894    |
| Total Costs   | \$ 18,844,391                      | \$ 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 |

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            | Square         | Student Membership (c) Fiscal Year Ending June 30: |        |        |        |        |        |        |        |        |        |
|------------------------------------|-----------------|----------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                    | Acquired<br>(a) | Footage<br>(b) | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
| Elementary Schools                 |                 |                |  |        |        |        |        |        |        |        |        |        |
| Anthony                            | 1925            | 57,628         | 351  | 310    | 371    | 340    | 357    | 361    | 340    | 343    | 394    | 385    |
| Bellevue                           | 1963            | 67,530         | 701  | 683    | 658    | 645    | 659    | 693    | 728    | 661    | 656    | 711    |
| Bellevue-Santos                    | 1953            | 112,560        | 828  | 863    | 869    | 800    | 782    | 752    | 548    | 535    | 559    | 556    |
| College Park                       | 1993            | 124,473        | 644  | 711    | 713    | 713    | 753    | 744    | 761    | 776    | 826    | 852    |
| Dr. NH Jones                       | 1959            | 107,211        | 741  | 741    | 739    | 751    | 740    | 712    | 648    | 648    | 643    | 649    |
| Dunnellon                          | 1993            | 103,758        | 764  | 711    | 743    | 648    | 706    | 686    | 718    | 706    | 600    | 573    |
| East Marion                        | 1974            | 84,726         | 730  | 741    | 725    | 718    | 748    | 725    | 687    | 695    | 669    | 700    |
| Eighth Street                      | 1914            | 35,591         | 348  | 344    | 317    | 298    | 342    | 322    | 342    | 334    | 398    | 416    |
| Emerald Shores                     | 1988            | 89,976         | 690  | 704    | 647    | 590    | 611    | 671    | 653    | 647    | 592    | 524    |
| Evergreen                          | 1988            | 111,305        | 753  | 607    | 619    | 624    | 584    | 596    | 580    | 573    | 544    | 551    |
| Fessenden                          | 1953            | 65,757         | 485  | 489    | 476    | 472    | 489    | 506    | 490    | 503    | 491    | 474    |
| Fort McCoy School (d)              | 1986            | 177,679        | 564  | 551    | 578    | 569    | 524    | 520    | 530    | 514    | 533    | 521    |
| Greenway                           | 1995            | 122,462        | 1,012  | 989    | 974    | 925    | 927    | 919    | 720    | 726    | 756    | 742    |
| Hammett Bowen, Jr.                 | 2004            | 95,679         | 870  | 901    | 951    | 776    | 805    | 781    | 776    | 746    | 792    | 853    |
| Harbour View                       | 1991            | 115,704        | 701  | 693    | 731    | 756    | 727    | 683    | 755    | 816    | 800    | 862    |
| Horizon Academy at Marion Oaks (d) | 1988            | 190,765        | -  | 529    | 477    | 158    | 153    | 149    | 141    | 112    | 158    | 157    |
| Legacy                             | 2011            | 103,987        | -  | -      | -      | -      | -      | -      | 593    | 703    | 727    | 712    |
| Madison Street                     | 1949            | 56,624         | 459  | 459    | 454    | 459    | 459    | 452    | 417    | 397    | 432    | 448    |
| Maplewood                          | 1990            | 130,536        | 928  | 874    | 895    | 856    | 838    | 818    | 712    | 738    | 783    | 781    |
| Marion Oaks                        | 2010            | 129,446        | -  | -      | -      | 679    | 804    | 766    | 784    | 844    | 888    | 887    |
| Oakcrest                           | 1952            | 113,941        | 478  | 587    | 654    | 706    | 728    | 716    | 753    | 784    | 777    | 673    |
| Ocala Springs                      | 1985            | 92,444         | 668  | 626    | 636    | 624    | 601    | 584    | 599    | 648    | 616    | 611    |
| Reddick-Collier                    | 1935            | 107,162        | 447  | 417    | 418    | 411    | 386    | 375    | 349    | 334    | 298    | 354    |
| Romeo                              | 1991            | 112,182        | 800  | 756    | 744    | 764    | 789    | 738    | 756    | 726    | 708    | 731    |
| Saddlewood                         | 1998            | 129,949        | 623  | 596    | 674    | 746    | 766    | 823    | 835    | 897    | 871    | 822    |
| Shady Hill                         | 1985            | 103,723        | 702  | 625    | 609    | 605    | 622    | 600    | 611    | 658    | 665    | 721    |
| South Ocala                        | 1955            | 102,767        | 609  | 612    | 588    | 616    | 664    | 703    | 668    | 711    | 664    | 681    |
| Sparr                              | 1964            | 53,327         | 391  | 365    | 388    | 404    | 359    | 343    | 359    | 357    | 348    | 377    |
| Stanton-Weirsdale                  | 1955            | 73,750         | 575  | 560    | 505    | 527    | 511    | 499    | 494    | 533    | 595    | 594    |
| Sunrise                            | 1987            | 114,540        | 1,402  | 950    | 899    | 752    | 679    | 741    | 742    | 822    | 888    | 808    |
| Ward-Highlands                     | 1959            | 104,006        | 883  | 842    | 799    | 777    | 796    | 771    | 772    | 855    | 851    | 865    |
| Wyomina Park                       | 1948            | 50,240         | 538  | 520    | 495    | 549    | 541    | 608    | 662    | 685    | 649    | 721    |
| Total Elementary Schools           |                 |                | 19,685   | 19,356 | 19,346 | 19,258 | 19,450 | 19,357 | 19,523 | 20,027 | 20,171 | 20,312 |
| Middle Schools                     |                 |                |  |        |        |        |        |        |        |        |        |        |
| Bellevue                           | 1992            | 188,723        | 1,190  | 1,131  | 1,071  | 1,070  | 1,092  | 1,067  | 1,015  | 944    | 1,047  | 1,135  |
| Dunnellon                          | 1936            | 117,731        | 1,118  | 689    | 636    | 672    | 648    | 646    | 619    | 653    | 611    | 638    |
| Fort King                          | 1962            | 124,328        | 1,020  | 1,212  | 1,187  | 1,202  | 1,131  | 1,121  | 1,083  | 1,032  | 1,058  | 1,072  |
| Fort McCoy School (d)              | 1986            | 177,679        | 540  | 543    | 513    | 521    | 514    | 494    | 493    | 483    | 471    | 500    |
| Horizon Academy at Marion Oaks (d) | 1988            | 190,765        | -  | 704    | 708    | 722    | 642    | 673    | 675    | 662    | 617    | 680    |
| Howard                             | 1954            | 165,397        | 1,017  | 1,003  | 975    | 918    | 1,025  | 1,125  | 1,211  | 1,181  | 1,096  | 1,050  |
| Lake Weir                          | 1953            | 163,805        | 1,380  | 1,392  | 1,262  | 1,261  | 1,263  | 1,272  | 1,311  | 1,297  | 1,213  | 1,085  |
| Liberty                            | 2005            | 195,448        | 1,267  | 1,098  | 1,027  | 1,086  | 1,036  | 1,131  | 1,083  | 1,132  | 1,127  | 1,164  |
| North Marion                       | 1973            | 160,380        | 781  | 795    | 779    | 764    | 792    | 823    | 816    | 784    | 812    | 810    |
| Osceola                            | 1924            | 91,248         | 1,190  | 925    | 892    | 930    | 947    | 955    | 938    | 909    | 893    | 938    |
| Total Middle Schools               |                 |                | 9,503  | 9,492  | 9,050  | 9,146  | 9,090  | 9,307  | 9,244  | 9,077  | 8,945  | 9,072  |



**Table 21**

|                                 |      |         |               |               |               |               |               |               |               |               |               |               |
|---------------------------------|------|---------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>High Schools</b>             |      |         |               |               |               |               |               |               |               |               |               |               |
| Bellevue                        | 1992 | 235,758 | 1,545         | 1,438         | 1,351         | 1,427         | 1,395         | 1,360         | 1,425         | 1,448         | 1,486         | 1,535         |
| Dunnellon                       | 1980 | 145,849 | 1,465         | 1,432         | 1,338         | 1,176         | 1,072         | 1,018         | 1,005         | 975           | 1,052         | 1,076         |
| Forest                          | 2001 | 302,822 | 2,249         | 2,372         | 2,233         | 2,091         | 2,012         | 2,014         | 1,964         | 1,984         | 2,066         | 2,057         |
| Lake Weir                       | 1974 | 236,533 | 1,709         | 1,611         | 1,556         | 1,503         | 1,523         | 1,555         | 1,557         | 1,562         | 1,474         | 1,482         |
| Marion Technical Institute      | 1955 | 187,257 | 1,469         | 357           | 398           | 359           | 340           | 306           | 286           | 277           | 239           | 217           |
| North Marion                    | 1963 | 200,970 | 1,606         | 1,433         | 1,278         | 1,320         | 1,249         | 1,249         | 1,192         | 1,245         | 1,279         | 1,274         |
| Vanguard                        | 1969 | 201,774 | 1,711         | 1,573         | 1,558         | 1,666         | 1,687         | 1,596         | 1,616         | 1,571         | 1,607         | 1,627         |
| West Port                       | 1999 | 401,724 | 353           | 1,778         | 1,731         | 1,870         | 2,091         | 2,225         | 2,397         | 2,472         | 2,502         | 2,511         |
| <b>Total High Schools</b>       |      |         | <u>12,107</u> | <u>11,994</u> | <u>11,443</u> | <u>11,412</u> | <u>11,369</u> | <u>11,323</u> | <u>11,442</u> | <u>11,534</u> | <u>11,705</u> | <u>11,779</u> |
| <b>Charter Schools</b>          |      |         |               |               |               |               |               |               |               |               |               |               |
| FLAAS                           | n/a  | n/a     | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Francis Marion Military Academy | n/a  | n/a     | -             | 46            | 100           | 149           | 167           | 150           | 134           | 94            | 104           | 175           |
| Francis Marion Charter          | n/a  | n/a     | -             | -             | -             | -             | -             | -             | -             | 76            | 112           | 103           |
| McIntosh Charter                | n/a  | n/a     | 104           | 104           | 97            | 94            | 92            | 91            | 86            | 83            | 78            | 79            |
| Marion Charter                  | n/a  | n/a     | 176           | 179           | 182           | 181           | 167           | 157           | 187           | 185           | 202           | 204           |
| <b>Total Charter Schools</b>    |      |         | <u>280</u>    | <u>329</u>    | <u>379</u>    | <u>424</u>    | <u>426</u>    | <u>398</u>    | <u>407</u>    | <u>438</u>    | <u>496</u>    | <u>561</u>    |
| <b>Special Programs</b>         |      |         |               |               |               |               |               |               |               |               |               |               |
| ARC (Age 3) PK                  | n/a  | n/a     | 34            | 32            | 34            | 35            | 37            | 37            | 40            | 36            | 37            | 32            |
| Drop Back In Academy            | n/a  | n/a     | -             | -             | -             | -             | -             | 168           | 102           | 128           | 144           | 147           |
| Hillcrest School                | 1971 | 50,214  | 170           | 159           | 154           | 154           | 154           | 164           | 176           | 168           | 170           | 177           |
| Infinity                        | 1979 | 21,159  | 61            | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Kingsbury Academy               | n/a  | n/a     | 201           | 214           | 188           | 198           | 188           | 182           | 165           | 185           | 159           | 138           |
| Marion County Marine Institute  | n/a  | n/a     | 58            | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Marion County Jail              | n/a  | n/a     | 2             | 17            | 11            | 16            | 17            | 14            | 15            | 25            | 21            | 21            |
| Marion Youth Development Ctr.   | n/a  | n/a     | 40            | 37            | 22            | 38            | 40            | 35            | 36            | 42            | 39            | 42            |
| MJDC                            | n/a  | n/a     | 55            | 56            | 32            | 26            | 14            | 10            | 14            | 20            | 11            | 29            |
| MRMC Speech/Language            | n/a  | n/a     | 186           | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Pace Center for Girls           | n/a  | n/a     | 52            | 51            | 51            | 50            | 54            | 59            | 56            | 67            | 64            | 73            |
| Pre-K Program ESE               | n/a  | n/a     | -             | 122           | 148           | 161           | 149           | 117           | 103           | 101           | 99            | 88            |
| Silver River Marine Institute   | n/a  | n/a     | 134           | 176           | 242           | 284           | 264           | 307           | 267           | 304           | 309           | 314           |
| Student Services (Homebound)    | n/a  | n/a     | 54            | 68            | 27            | 93            | 119           | 86            | 21            | 27            | 83            | 83            |
| Teen Parent/Comm. Ed            | n/a  | n/a     | 45            | 29            | 36            | 9             | 12            | 4             | 5             | 4             | 7             | -             |
| Teen Parent PK                  | n/a  | n/a     | 24            | 17            | 10            | 27            | 32            | 21            | 16            | 11            | 14            | 25            |
| <b>Total Special Programs</b>   |      |         | <u>1,116</u>  | <u>978</u>    | <u>955</u>    | <u>1,091</u>  | <u>1,080</u>  | <u>1,204</u>  | <u>1,016</u>  | <u>1,118</u>  | <u>1,157</u>  | <u>1,169</u>  |
| <b>Total District</b>           |      |         | <u>42,691</u> | <u>42,149</u> | <u>41,173</u> | <u>41,331</u> | <u>41,415</u> | <u>41,589</u> | <u>41,632</u> | <u>42,194</u> | <u>42,474</u> | <u>42,893</u> |

(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, 2017**

| Federal Grantor/Pass-Through Grantor/Program or Cluster                               | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Passed<br>Through to<br>Subrecipients | Total<br>Expenditures |
|---|---------------------------|--|---------------------------------------|-----------------------|
| <b>Clustered</b>  |                           |  |                                       |                       |
| <b>Child Nutrition Cluster:</b>   |                           |  |                                       |                       |
| United States Department of Agriculture:  |                           |  |                                       |                       |
| Florida Department of Agriculture and Consumer Services:                              |                           |  |                                       |                       |
| School Breakfast Program  | 10.553                    | 17002  | \$ -                                  | \$ 6,129,981          |
| National School Lunch Program   | 10.555                    | 17001, 17003                                 | -                                     | 18,437,301            |
| Summer Food Service Program for Children  | 10.559                    | 16006, 16007, 17006, 17007                   | -                                     | 364,313               |
| <b>Total Child Nutrition Cluster</b>  |                           |  | -                                     | 24,931,595            |
| <b>Student Financial Assistance Cluster:</b>  |                           |  |                                       |                       |
| United States Department of Education:  |                           |  |                                       |                       |
| Federal Supplemental Educational Opportunity Grants                                   | 84.007                    | N/A  | -                                     | 19,269                |
| Federal Pell Grant Program  | 84.063                    | N/A  | -                                     | 1,198,981             |
| <b>Total Student Financial Assistance Cluster</b>                                     |                           |  | -                                     | 1,218,250             |
| <b>Special Education Cluster:</b>   |                           |  |                                       |                       |
| United States Department of Education:  |                           |  |                                       |                       |
| Florida Department of Education   |                           |  |                                       |                       |
| Special Education - Grants to States:   | 84.027                    | 262, 263                                     | 69,547                                | 10,440,171            |
| Special Education - Preschool Grants  | 84.173                    | 266, 267                                     | 8,742                                 | 373,572               |
| <b>Total Special Education Cluster</b>  |                           |  | 78,289                                | 10,813,743            |
| <b>Non Clustered</b>  |                           |  |                                       |                       |
| <b>United States Department of Agriculture</b>  |                           |  |                                       |                       |
| Florida Department of Health:   |                           |  |                                       |                       |
| Child and Adult Care Food Program   | 10.558                    | A-4502                                       | -                                     | 135,412               |
| Florida Department of Agriculture and Consumer Services:                              |                           |  |                                       |                       |
| Fresh Fruit and Vegetable Program   | 10.582                    | 17004  |                                       | 322,104               |
| Florida Department of Financial Services:   |                           |  |                                       |                       |
| Schools and Roads - Grants to States  | 10.665                    | None   | -                                     | 141,451               |
| <b>Total United States Department of Agriculture</b>                                  |                           |  | -                                     | 598,967               |
| <b>United States Department of Defense</b>  |                           |  |                                       |                       |
| Air Force Junior Reserve Officers Training Corps                                      | 12.UNK                    | N/A  | -                                     | 242,367               |
| Army Junior Reserve Officers Training Corps   | 12.UNK                    | N/A  |                                       | 183,244               |
| Navy Junior Reserve Officers Training Corps   | 12.UNK                    | N/A  | -                                     | 63,664                |
| <b>Total United States Department of Defense</b>                                      |                           |  | -                                     | 489,275               |
| <b>United States Department of Justice:</b>   |                           |  |                                       |                       |
| University of South Carolina:   |                           |  |                                       |                       |
| National Institute of Justice Research, Evaluation, and Development<br>Project Grants | 16.560                    | 16-3027                                      | -                                     | 159,386               |
| <b>United States Department of Education:</b>   |                           |  |                                       |                       |
| Florida Department of Education:  |                           |  |                                       |                       |
| Adult Education - Basic Grants to States  | 84.002                    | 191, 193                                     | -                                     | 482,068               |
| Title I Grants to Local Educational Agencies  | 84.010                    | 212, 223, 226                                | -                                     | 15,682,688            |
| Migrant Education-State Grant Program   | 84.011                    | 217  | -                                     | 100,360               |
| Career and Technical Education - Basic Grants to States                               | 84.048                    | 161  | -                                     | 661,783               |
| Education for Homeless Children and Youth   | 84.196                    | 127  | -                                     | 75,908                |
| Twenty-First Century Community Learning Centers                                       | 84.287                    | 244  | -                                     | 1,144,228             |
| English Language Acquisition State Grants   | 84.365                    | 102  | -                                     | 314,898               |
| Mathematics and Science Partnerships  | 84.366                    | 235  | -                                     | 28,542                |
| Improving Teacher Quality State Grants  | 84.367                    | 224  | -                                     | 1,633,114             |
| <b>Total United States Department of Education</b>                                    |                           |  | -                                     | 20,123,589            |
| <b>United States Department of Health and Human Services:</b>                         |                           |  |                                       |                       |
| University of South Florida:  |                           |  |                                       |                       |
| Temporary Assistance for Needy Families   | 93.558                    | 5830-1467-11-G                               | -                                     | 138,774               |
| <b>Total Expenditures of Federal Awards</b>   |                           |  | \$ 78,289                             | \$ 58,473,579         |

**DISTRICT SCHOOL BOARD OF MARION COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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, 2017. 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 \$1,714,662 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street  
Tallahassee, Florida 32399-1450



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Marion County District School Board, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2017, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material

misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
November 27, 2017  
Audit Report No. 2018-053





Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74  
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Tallahassee, Florida 32399-1450



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

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

### **Report on Compliance for Each Major Federal Program**

We have audited the Marion County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2017. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

### ***Management's Responsibility***

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and a middle initial "F." in between.

Sherrill F. Norman, CPA  
Tallahassee, Florida  
November 27, 2017  
Audit Report No. 2018-053

## ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

### **SECTION I – SUMMARY OF AUDITOR'S RESULTS**

#### **Financial Statements**

|  |               |
|--|---------------|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified    |
| Internal control over financial reporting:   |               |
| Material weakness(es) identified?  | No            |
| Significant deficiency(ies) identified?  | None reported |
| Noncompliance material to financial statements noted?  | No            |

#### **Federal Awards**

|  |  |
|--|--|
| Internal control over major Federal programs:  |  |
| Material weakness(es) identified?  | No   |
| Significant deficiency(ies) identified?  | None reported                                |
| Type of auditor's report issued on compliance for major Federal programs:                          | Unmodified                                   |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No   |
| Identification of major Federal programs:  |  |
| CFDA Numbers:  | Name of Federal Program or Cluster:          |
| 84.007 and 84.063  | Student Financial Assistance Cluster         |
| 84.010   | Title I Grants to Local Educational Agencies |
| Dollar threshold used to distinguish between type A and type B programs:                           | \$1,754,207                                  |
| Auditee qualified as low risk auditee?   | Yes  |

### **SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters are reported.

### **SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters are reported.

## ***PRIOR AUDIT FOLLOW-UP***

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There were no prior financial statement or Federal awards findings requiring follow-up.

## ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

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The District did not have prior audit findings required to be reported under 2 CFR 200.511.

# **The School Board of Marion County, Florida**

**AN EQUAL OPPORTUNITY SCHOOL DISTRICT**

**512 SOUTHEAST THIRD STREET • OCALA FLORIDA 34471**

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