

Triumph Gulf Coast, Inc. Trust Fund Application for Funds

Proposal Instructions: The Triumph Gulf Coast, Inc. Trust Fund Grant Application (this document) must be completed by the entity applying for the grant and signed, as applicable, by either the individual applying for funds, an individual authorized to bind the entity applying for funds, a chief elected official, the administrator for the governmental entity or their designee. Please read the Application carefully as some questions may require a separate narrative to be completed. In addition, please complete all Addendums that may be applicable to the proposed project or program.

Triumph Gulf Coast, Inc. will make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. Triumph Gulf Coast, Inc. may make awards for:

- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education; encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

Pursuant to Florida Law, Triumph Gulf Coast, Inc. will provide priority consideration to Applications for projects or programs that:

- Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- Benefit the environment, in addition to the economy.
- Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

Additionally, the Board of Triumph Gulf Coast, Inc. may provide discretionary priority to consideration of Applications for projects and programs that:

- Are considered transformational for the future of the Northwest Florida region.
- May be consummated quickly and efficiently.
- Promote net-new jobs in the private sector with an income above regional average household income.
- Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.
- Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.
- Promote industry cluster impact for unique targeted industries.
- Create net-new jobs with wages above national average wage (*e.g.*, similar to EFI QTI program, measured on graduated scale).
- Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).
- Provide a wider regional impact versus solely local impact.
- Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.
- Enhance research and innovative technologies in the region.
- Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.

- Create a unique asset in the region that can be leveraged for regional growth of targeted industries.
- Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.
- Leverage funding from other government and private entity sources.
- Provide local investment and spending.
- Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.
- Provide clear performance metrics over duration of project or program.
- Include deliverables-based payment system dependent upon achievement of interim performance metrics.
- Provide capacity building support for regional economic growth.
- Are environmentally conscious and business focused.
- Include Applicant and selected partners/vendors located in Northwest Florida.

Applications will be evaluated and scored based on compliance with the statutory requirements of the Triumph Gulf Coast legislation, including but not limited to the priorities identified therein and the geographic region served by the proposed project or program.

Applicant Information

Name of Individual (if applying in individual capacity):_____

Name of Entity/Organization:_____

Background of Applicant Individual/Entity/Organization:_____

(If additional space is needed, please attach a Word document with your entire answer.)

Federal Employer Identification Number:_____

Contact Information:

Primary Contact Information:_____

Title:_____

Mailing Address: _____

Phone:_____

Email:_____

Website:_____

Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

(If additional space is needed, please attach a Word document with your entire answer.)

Total amount of funding requested from Triumph Gulf Coast:_____

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

☐ Yes ☐ No

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made;
- the source to which the request/application for funding was made,
- the results of the request/application for funding, and
- projected or realized results and/or outcomes from prior funding.

(If additional space is needed, please attach a Word document with your entire answer.)

Describe the financial status of the applicant and any co-applicants or partners:

(If additional space is needed, please attach a Word document with your entire answer.)

In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

☐ Yes ☐ No

If yes, please identify the entity or individual that filed for bankruptcy and the date of filing.

(If additional space is needed, please attach a Word document with your entire answer.)

Eligibility

Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. *See*, Section 288.08012.

1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):

- ☐ Ad valorem tax rate reduction within disproportionately affected counties;
- ☐ Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- ☐ Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- ☐ Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- ☐ Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- ☐ Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- ☐ Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

- [illegible]

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3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Describe data or information available to demonstrate the viability of the proposed project or program.

(If additional space is needed, please attach a Word document with your entire answer.)

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

(If additional space is needed, please attach a Word document with your entire answer.)

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

(If additional space is needed, please attach a Word document with your entire answer.)

7. Describe how the deliverables for the proposed project or program will be measured.

(If additional space is needed, please attach a Word document with your entire answer.)

Priorities

1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):

- ☐ Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- ☐ Increase household income in the disproportionately affected counties above national average household income.
- ☐ Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.

- ☐ Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- ☐ Benefit the environment, in addition to the economy.
- ☐ Provide outcome measures.
- ☐ Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- ☐ Are recommended by the board of county commissioners of the county in which the project or program will be located.
- ☐ Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

2. Please explain how the proposed project meets the priorities identified above.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

(If additional space is needed, please attach a Word document with your entire answer.)

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

Escambia Santa Rosa Okaloosa Walton Bay Gulf Franklin Wakulla

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?

☐ Yes ☐ No

If yes, list all Counties that apply: _____

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

☐ Yes ☐ No

****Please attach proof of recommendation(s) from each County identified.**

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?

(If additional space is needed, please attach a Word document with your entire answer.)

2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:

- A. Provide the schedule of upcoming meetings for the group for a period of at least six months.
B. State whether that group can hold special meetings, and if so, upon how many days' notice.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

See attachment #9

Funding and Budget:

Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time period over which funding is requested.

(If additional space is needed, please attach a Word document with your entire answer.)

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.

☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction	\$ _____
Reconstruction	\$ _____
Design & Engineering	\$ _____
Land Acquisition	\$ _____
Land Improvement	\$ _____
Equipment	\$ _____
Supplies	\$ _____
Salaries	\$ _____

Other (specify) \$ _____

Total Project Costs: \$ _____

B. Other Project Funding Sources:

Example Funding Sources (Note: Not an exhaustive list of possible Funding Sources.)

City/County \$ _____

Private Sources \$ _____

Other (e.g., grants, etc.) \$ _____

Total Other Funding \$ _____

Total Amount Requested: \$ _____

Note: The total amount requested must equal the difference between the costs in 3A. and the other project funding sources in 3.B.

C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

(If additional space is needed, please attach a Word document with your entire answer.)

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

☐ Yes ☐ No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

☐ Yes ☐ No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

☐ Yes ☐ No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

☐ Yes ☐ No

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

- A. Is the infrastructure owned by the public?
☐ Yes ☐ No
- B. Is the infrastructure for public use or does it predominately benefit the public?
☐ Yes ☐ No
- C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?
☐ Yes ☐ No
- D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Is this project an expansion of existing infrastructure project?
☐ Yes ☐ No
- B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. What is the location of the public infrastructure? (Provide the road number, if applicable.)

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)

(If additional space is needed, please attach a Word document with your entire answer.)

- E. What permits are necessary for the infrastructure project?

(If additional space is needed, please attach a Word document with your entire answer.)

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?

(If additional space is needed, please attach a Word document with your entire answer.)

- F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?

(If additional space is needed, please attach a Word document with your entire answer.)

- G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- I. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

ADDENDUM FOR WORKFORCE TRAINING PROPOSALS

1. Program Requirements

- A. Will this proposal supports programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties? If yes, please identify where the campuses are located and provide details on how the proposed programs will prepare students for future occupations and at which K-20 institutions that programs will be provided.

☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Will the proposed program (check all that apply):

- ☐ Increase students' technology skills and knowledge
- ☐ Encourage industry certifications
- ☐ Provide rigorous, alternative pathways for students to meet high school graduation requirements
- ☐ Strengthen career readiness initiatives
- ☐ Fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors
- ☐ Encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties (similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission on Education)

For each item checked above, describe how the proposed program will achieve these goals

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Will this proposal provide participants in the disproportionately affected counties with transferable, sustainable workforce skills but not confined to a single employer? If yes, please provide details.

☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Identify the disproportionately affected counties where the proposed programs will operate or provide participants with workforce skills.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Is this an expansion of an existing training program? Is yes, describe how the proposed program will enhance or improve the existing program and how the proposal program will supplements but not supplant existing funding sources.
- ☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Indicate how the training will be delivered (*e.g.*, classroom-based, computer based, other).
- If in-person, identify the location(s) (*e.g.*, city, campus, etc.) where the training will be available.

If computer-based, identify the targeted location(s) (e.g., city, county) where the training will be available.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Identify the number of anticipated enrolled students and completers.

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Indicate the length of the program (e.g., quarters, semesters, weeks, months, etc.) including anticipated beginning and ending dates.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Describe the plan to support the sustainability of the proposed program.

(If additional space is needed, please attach a Word document with your entire answer.)

- F. Identify any certifications, degrees, etc. that will result from the completion of the program.

(If additional space is needed, please attach a Word document with your entire answer.)

- G. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

☐ Yes

☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- H. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

ADDENDUM FOR AD VALOREM TAX RATE REDUCTION:

1. Program Requirements

- A. Describe the property or transaction that will be supported by the ad valorem tax rate reduction.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Provide a detailed explanation of how the ad valorem tax rate reduction will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide a detailed description of the quantitative evidence demonstrating how the proposed ad valorem tax reduction will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the property or transaction that will be supported by the ad valorem tax rate reduction?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the property or transaction that will be supported by the ad valorem tax rate reduction and provide a detailed description of when and how the ad valorem tax rate reduction will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Does this proposed project have a local match amount? If yes, please describe the entity providing the match and the amount.
☐ Yes ☐ No

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

**ADDENDUM FOR LOCAL MATCH REQUIREMENTS OF SECTION 288.0655,
FLORIDA STATUTES**

1. Program Requirements

- A. Describe the local match requirements of Section 288.0655 and the underlying project, program or transaction that will be funded by the proposed award.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Provide a detailed explanation of how the local match requirements and the underlying project or program will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide a detailed description of, and quantitative evidence demonstrating how the proposed local match requirements will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the property or transaction that will be supported by the local match requirements?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the property or transaction that will be supported by the local match requirement and provide a detailed description of when and how the local match requirement will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

ADDENDUM FOR LOCAL ACTION PLAN

1. Program Requirements

- A. Describe how the proposed award will establish and maintain equipment and trained personnel for local action plans of response to respond to disasters.
- B. Describe the type and amount of equipment and trained personnel that will be established or maintained by the proposed award.
- C. Identify the specific local action plans (*e.g.*, Coastal Impacts Assistance Program) that will benefit from the proposed award.
- D. Provide a detailed explanation of how the proposed award will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of the quantitative evidence demonstrating how the proposed will promote:
 - Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. What is the location of the local action program that will be supported by the proposed award?

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the local action plans (*e.g.*, new plans, existing plans, etc.) that will be supported by the proposed award and provide a detailed description of when and how the proposed award will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

ADDENDUM FOR ADVERTISING/PROMOTION

1. Program Requirements

- A. Is the applicant a tourism entity created under s. 288.1226, Florida Statutes?
☐ Yes ☐ No

- B. Does the applicant advertise and promote tourism and Fresh From Florida? If yes, provide details on how it advertises and promotes tourism and Fresh From Florida.
☐ Yes ☐ No
-

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Does the proposed award promote workforce and infrastructure on behalf of the disproportionately affected counties? If yes, describe how workforce and infrastructure is promoted on behalf of the disproportionately affected counties.
☐ Yes ☐ No
-

(If additional space is needed, please attach a Word document with your entire answer.)

- D. Provide a detailed explanation of how the proposed award will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.
-

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of the quantitative evidence demonstrating how the proposed will promote:
- Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.
-

(If additional space is needed, please attach a Word document with your entire answer.)

2. Additional Information

- A. Describe the advertising and promotion mediums and locations where the advertising and promotion will occur.

(If additional space is needed, please attach a Word document with your entire answer.)

- B. Detail the current status of the advertising and promotion (*e.g.*, new plans, existing plans, etc.) that will be supported by the proposed award and provide a detailed description of when and how the proposed award will be implemented.

(If additional space is needed, please attach a Word document with your entire answer.)

- C. Provide any additional information or attachments to be considered for this proposal.

(If additional space is needed, please attach a Word document with your entire answer.)

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant: Robert Pearce

Name and Title of Authorized Representative: Superintendent

Representative Signature: Robert Pearce

Signature Date: 2/5/18

SUMMARY-WAKULLA CAREER AND TECHNICAL CENTER

INTENT OF PROPOSAL

- To provide students with industry certifications to enter workforce before graduating from high school
- Absorb the expense on the family and student for industry certifications and workforce readiness
- Create sustainable programs with transferable skills that have generational impacts
- Remove barriers to post-secondary job readiness skills
- House all programs on Wakulla High School campus to eliminate travel, increase safety for students and provide access
- Increase wages for small and rural community members

METHODOLOGY

- Re-locate bus garage
- Renovate current bus garage, to house programs and allow students to remain on Wakulla High School campus to eliminate travel, increase safety for students, encourage enrollment and provide access

MATCHING DOLLARS

- \$375,000.00 input from Wakulla County School Board
- 3 acres of land @ apr \$5,000.00 per acre for location of new bus garage
- \$4,000.00 per student enrolled in Automotive program that completes
- \$5512.00 per student enrolled in HVAC program that completes
- All materials/supplies/curriculum/industry certifications tests/maintenance/salaries to sustain programs/power for the life of the program
- In five years, the estimated match of 200 students completing Automotive and 200 students completing HVAC is \$1,902,400 in tuition, books and fees alone.

Students will be able to find employment directly upon graduation without hesitation, without expense and with a clear direction. According to the Florida Data Warehouse 83% of 2014-2015 public high school graduated earning a standard diploma are found to earn less than \$8.05 per hr (2017, March Florida Education & Training Placement Information Program FETPIP <http://www.fldoe.org/core/fileparse.php/7592/urlt/AORPublicationForWeb1415.pdf>).

Programs such as these can start students at \$12-17 per hour (see attachment 10 for more details).

The goal for these funds is to provide students and community members with economic benefits to increase household income and maximize current and future quality of life. These funds will be used to create a high local impact and ideally regional as students will gain transferrable skills for a broader reach.



November 6, 2017

**BOARD OF
COUNTY COMMISSIONERS**

Ralph Thomas

Chairman, District 1

Mike Stewart

Vice-Chairman, District 3

Randy Merritt

District 2

Jerry Moore

District 4

Charles Hess, Ph.D.

District 5

J. David Edwards

County Administrator

Heather J. Encinosa

County Attorney

(850) 224-4070

Mr. Alan Bense, Chairman
Triumph Gulf Coast, Inc.
Post Office Box 12007
Tallahassee, Florida 32317

Dear Chairman Bense,

The Wakulla County Board of County Commissioners (Board) held a workshop on October 30, 2017, for the purpose of discussing Triumph Gulf Coast, Inc. (Triumph) funds, project criteria, and to provide a venue for our boards of elected officials and citizens to present projects for Board consideration and recommendation to Triumph pursuant to statute.

We were very appreciative of Jason Shoaf and Scott Remington taking time to attend our Workshop. Their input and response to questions certainly exceeded expectations and contributed to the success of our Workshop.

The Board met on November 6, 2017, to finalize its initial list of recommended projects for Triumph funding and identified five priority projects that can be implemented quickly and provide optimum results for the funding being requested. The County's five priority projects below align with existing local strategic and planning documents and the Great Northwest Florida Forward strategic plan.

1. Wakulla Career and Technical Education Center
2. Wakulla County Learning Center
3. First Responder Communication System
4. New County Library
5. ADA Compliant Kayak/Canoe Launch – St. Marks City Park

Summary information on each project is provided in the enclosed list of Board recommended projects for Triumph funding as of November 6, 2017. The forthcoming Pre-Screening Application for each of the projects will provide further information.

It is anticipated that the Board will update its list of recommended projects from time to time as projects are funded or as priorities shift

Office of Intergovernmental Affairs
Post Office Box 1263
Crawfordville, FL 32326
(850) 926-0919 x 705
www.mywakulla.com

Mr. Alan Bense
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November 6, 2017

to reflect current needs and conditions. Your consideration of each of our projects is greatly appreciated.

We look forward to hosting the November 8th Triumph Board meeting in Wakulla County. Please contact me if you have any questions or need additional information.

Sincerely,



Ralph Thomas
Chairman

RT/stk

Enclosure

Cc:

Mr. Bobby Pearce, Wakulla County School Board

Ms. Gail Gilman, City of St. Marks

Ms. Dana Peck, Wakulla Commercial Fishermen's Association

Mr. Bob Ballard, WEI

WAKULLA COUNTY LIST OF RECOMMENDED PROJECTS FOR TRIUMPH GULF COAST, INC. FUNDING

November 6, 2017

<i>Organization</i>	<i>Project Title/Brief Description</i>	<i>Est. Project Cost</i>	<i>Board Priority</i>
Wakulla County Board of County Commissioners	First Responder Communication System: Replace existing aging and unrepairable first responder communication system with one that can communicate with all federal, state and local first responder agencies as well as extending the range of communication within the County, i.e., national/state forest, metal building, etc. Our County is working with other 7-counties for potential regional project – with each County submitting their own application.	\$2 M	#3
	New Library: Construct a new, larger more centrally located library at the community center to meet the growing demands for new programs and provide space for participation at current and new events. The existing library will be repurposed and used for a much-needed Fire/EMS station in the Medart area, south of Crawfordville. A new library also has the potential to provide virtual classes not provided elsewhere in the County and could target underprivileged populations needing workforce skills. The County owns the property. Funds are needed for design, permitting, construction and furnishings.	\$3.5 M	#4
	Medart Rec Park Improvements: Improve the parking lot, restroom and concession facilities, and sports fields of Wakulla County's only recreation park for organized outdoor youth and adult sports. The County owns the Park. Funds are needed for any design, permitting and construction.	\$2.0 M	
	Realignment of County Road 61/Shell Point: The County has only two north-south bound highways from Capital Circle (Leon County) to US 98 (Wakulla County): US 319 is on the eastern side of the County and US 27 is on the western side. High traffic on both of these highways is attributed mainly to travelers working in Tallahassee and living in Wakulla. Internal arterial roads off of these highways leading to residential areas become clogged at peak times creating extremely hazardous conditions. Additionally, these highways provide the only access to Wakulla's coast, rivers, forest, etc. creating heavy traffic conditions on weekends and holidays. This proposed realignment would provide a north-south bound County Road centrally located in Wakulla County and would ease congestion and increase safety conditions. Funds are needed for design, permitting and construction.	\$2.5 M	
	Camp Indian Springs Campground Partnership: This project proposes a partnership with Department of Environment Protection (DEP), in the event they purchase the Camp Indian Springs Property. The County proposes seeking funds for the improvement of existing buildings on the Camp Indian Springs Campground property and the design, permitting and construction of a RV/Tent camp ground.	TBD	
	New Rec Park – US 319: The County is in need of land to design, permit and construct a larger outdoor multi-use recreational Park on the north side of the County. This park has the potential to serve the region for youth and adult outdoor sports, i.e., softball tournaments, soccer tournaments, etc. Funds are needed for land acquisition, planning, design, construction and furnishings.	\$20 M	

WAKULLA COUNTY LIST OF RECOMMENDED PROJECTS FOR TRIUMPH GULF COAST, INC. FUNDING

November 6, 2017

Wakulla County School Board	<p>Wakulla Career and Technical Education Center: This project would provide training and job skills for the non-degree seeking student for emerging or high-demand jobs. WCSB owns the property and will staff the center once constructed. Funds are requested for design, permitting, construction and furnishings.</p> <p>Wakulla County Learning Center: This project proposes a partnership with TCC for a campus in Wakulla County where students and adults may pursue an AA degree. WCSB owns the property and will staff the center once constructed in partnership with TCC. Funds are requested for design, permitting, construction and furnishings.</p>	\$5.7 M	#1
City of St. Marks,	<p>ADA Compliant Kayak/Canoe Launch: To provide kayak/canoe access to the Wakulla River via the City Park. Increase recreational opportunities and enhanced visitor experience. Will also relieve kayak/canoe launching at the St. Marks Boat Ramp. The City of St. Marks owns the property. Funds are requested for design, permitting and construction.</p> <p>St. Marks WWTP – Conversion of Grinders to Gravity Sewer: First a feasibility study (i.e., preliminary engineer report) will need to be conducted to determine if conversion is feasible and probable cost. Funds are needed for feasibility study/preliminary engineering report.</p> <p>St. Marks Board Walk: Construct a boardwalk that will connect to the terminus of the St. Marks Bike Trail and provide an off-road multi-use pedestrian to the Fort, St. Marks Board Ramp, and back to the St. Marks Bike Trail terminus. The City of St. Marks own the property and the project is designed and permitted. Funds are requested for construction.</p>	\$3.4 M	#2
		\$65 K	#5
		\$350 K	
		\$900 K	
Wakulla Commercial Fishermen's Assoc, Inc.	<p>A Partnership Reviving Apalachee Bay Oyster Reefs: Shoreline restoration on oyster reefs to enhance commercial and recreational fishing; provide tidal, storm surge and coastal erosion protection, improve water quality; strengthen economy, social and environmental capital. Funds are requested for all stages of the project.</p>	\$2.6 M	
Wakulla Environmental Institute	<p>Marine Manufacturing Training Center: A state of the art multi-purpose facility that will function as an auditorium, conference center, manufacturing center, oyster seed hatchery and commercial kitchen for processing local Gulf Coast seafood products. WEI owns the property. Funds are needed for design, permitting, construction and furnishings. Total estimated project cost is \$22.7 M, seeking \$15M Triumph funds.</p>	\$15 M	

Attachment # 2

Financial Statements
and Other Financial Information

Leon County District School Board
Tallahassee, Florida

*Year ended June 30, 2016
with Report of Independent Auditors*

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Report of Independent Auditors

Superintendent of Schools
Leon County District School Board Members
Leon County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Leon County District School Board (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management of the District is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, Section 218.39, *Florida Statutes* and Chapter 10.800, *Rules of the Auditor General* for District School Board Audits. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Leon County School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison statements of the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America, Section 218.39, *Florida Statutes* and Chapter 10.800, *Rules of the Auditor General* for School District Audits.

Other Matters

As discussed in the Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, material weaknesses and a significant deficiency have been noted with respect to internal controls over capital assets, cash and investments, and financial reporting. Lack of timely corrective action by management to address these deficiencies may result in material errors in financial records and reports. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs relating to federal awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of findings and questioned costs relating to federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of findings and questioned costs relating to federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 29, 2017

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Leon 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, 2016. 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 2015-16 fiscal year are as follows:

- Total Net Position is \$158,061,930, which represents a 20.4 percent increase from the 2014-15 fiscal year.
- General revenues total \$319,469,164 or 93.3 percent of all revenues which is \$342,236,897. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$22,767,733 or 6.7 percent of all revenues.
- Expenses total \$315,509,506; only \$22,767,733 of these expenses were offset by program revenues, with the remainder paid from general revenues. Total revenues exceed total expenses by \$26,727,391.
- The total combined assigned and unassigned fund balance of the General Fund, representing the net fund balance that is spendable and not restricted, totals \$25,229,521 at June 30, 2016, or 9.8 percent of total General Fund revenues. The unassigned fund balance totals \$12,828,889, which represents 5 percent of total General Fund revenues.
- The District's capital assets \$397,868,029 (net of depreciation) increased by \$42,630,751 as capital asset additions exceeded depreciation expense in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

Government-wide financial statements

Fund financial statements

Notes to financial statements

Government-wide Financial Statements

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

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

Governmental activities—This represents most of the District's services, basic, vocational, adult, and exceptional education programs. 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 supporting these activities.

Component units—The District presents six separate legal entities in this report including the Foundation for Leon County Schools, Inc.; The School of Arts and Sciences Foundation, Inc.; Tallahassee School of Math and Science; Imagine-Leon County, LLC (d/b/a Imagine School at Evening Rose); Governors Charter Academy, a department of Renaissance Charter School Inc.; and the Woodville Educational Foundation, Inc. (d/b/a The Woodville Middle School of Leadership Through History and Civics). 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 Leon County School Board Leasing Corporation, Inc. (Leasing Corporation), also a legally separate entity, was formed to facilitate financing 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-Federal Fund, Capital Projects – Bond Fund, and Capital Projects – Other Capital Projects Fund. Data from the other thirteen 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 where a fee is charged for services. The District's only proprietary fund is classified as an enterprise fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for the activities of the District Permitting Office.

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

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

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

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

Notes to Financial Statements

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

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 Fund to demonstrate compliance with the budget. Additional required supplementary information is presented related 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, 2016, compared to net position as of June 30, 2015:

	Net Position, End of Year	
	Governmental Activities	
	6-30-16	6-30-15
Current Assets	\$ 143,610,786	\$ 180,456,759
Other Assets	-	-
Capital Assets, Net of Depreciation	397,868,029	355,237,278
Total Assets	541,478,815	535,694,037
Deferred Outflow of Resources	27,050,092	20,002,128
Long Term Liabilities	374,182,498	359,169,898
Other Liabilities	17,324,817	14,121,825
Total Liabilities	391,507,315	373,291,723
Deferred Inflow of Resources	19,031,898	51,145,652
Net Position:		
Net Investment in Capital Assets	189,721,389	200,957,008
Restricted	61,471,303	151,983,837
Unrestricted (Deficit)	(93,202,998)	(221,682,055)
Total Net Position	\$ 157,989,694	\$ 131,258,790

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 subject to external restrictions on how they can be used.

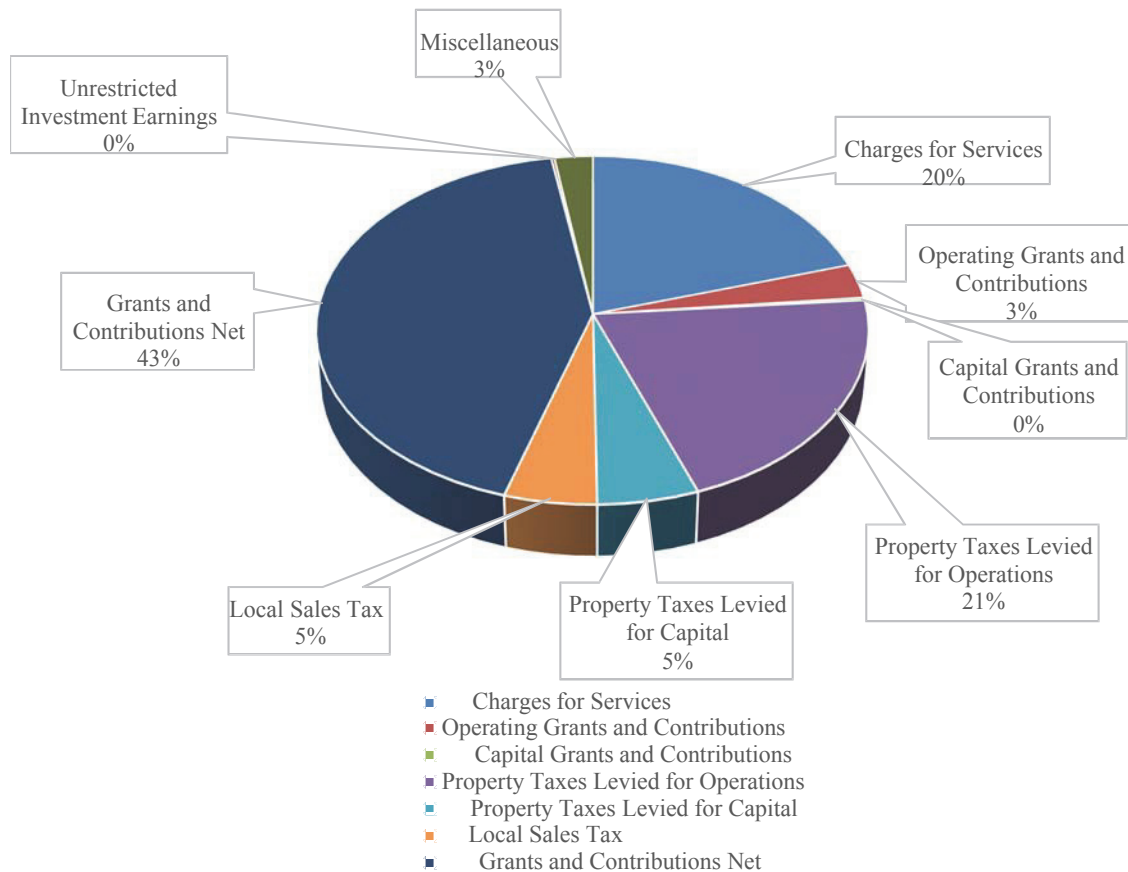
The key elements of the changes in the District's net position for the fiscal years ended June 30, 2016, and June 30, 2015, are as follows:

- The increase in capital assets is due primarily to capital outlay additions exceeding depreciation and capital outlay deletions in the current year.

Governmental activities increased the District's net position by \$26,730,904 during the 2015-16 fiscal year, detailed as follows:

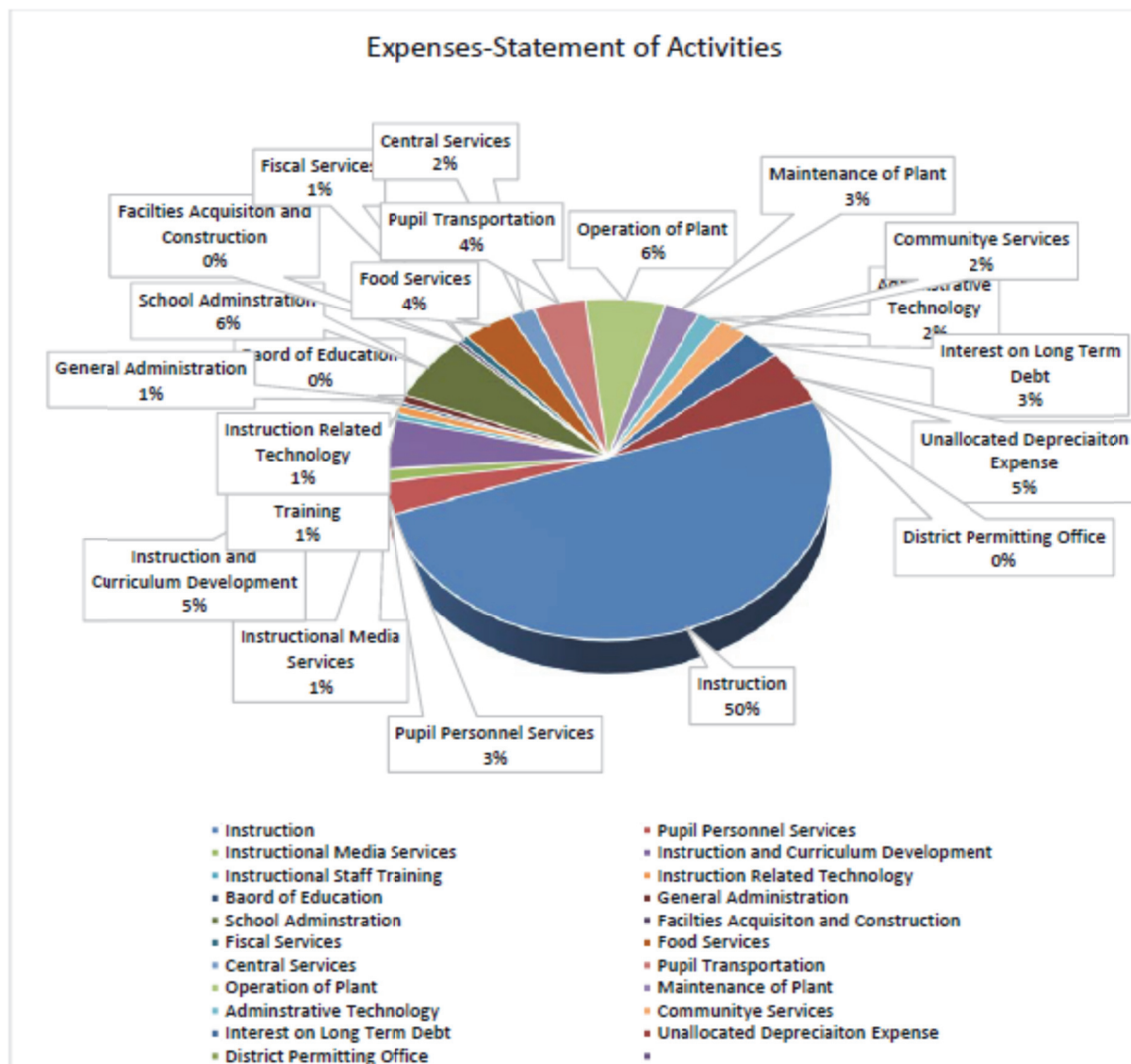
Operating Results for the Fiscal Year Ended			
Governmental Activities			
	6-30-16	6-30-15	
Program Revenues:			
Charges for Services	\$ 8,485,789	\$ 8,764,734	
Operating Grants and Contributions	13,288,855	12,115,072	
Capital Grants and Contributions	993,089	664,206	
General Revenues:			
Property Taxes Levied for Operational Purposes	86,459,721	86,345,288	
Property Taxes Levied for Capital Projects	22,761,938	22,053,345	
Local Sales Tax	21,003,294	19,937,353	
Grants and Contributions Not Restricted to Specific Programs	183,362,584	174,111,799	
Unrestricted Investment Earnings	817,032	132,037	
Miscellaneous	5,064,417	8,639,347	
Total Revenues	342,236,719	332,763,181	
Functions/Program Expenses:			
Instruction	157,511,024	154,394,979	
Student Personnel Services	9,639,003	9,446,201	
Instructional Media Services	3,760,019	3,596,830	
Instruction and Curriculum Development	15,216,758	14,545,714	
Instructional Staff Training Services	1,648,972	1,903,629	
Instruction Related Technology	2,470,701	2,327,678	
Board	1,000,491	1,158,770	
General Administration	2,299,339	3,032,868	
School Administration	19,687,035	19,306,371	
Facility Acquisition and Construction	2,139,460	1,224,214	
Fiscal Services	2,392,184	2,182,373	
Food Services	12,105,248	12,969,602	
Central Services	5,941,535	6,633,304	
Student Transportation Services	12,685,516	12,764,569	
Operation of Plant	19,168,787	19,679,952	
Maintenance of Plant	8,843,049	8,769,744	
Administrative Technology Services	5,155,485	4,865,146	
Community Services	6,923,223	7,066,741	
Unallocated Interest on Long-Term Debt	9,490,166	8,850,057	
Unallocated Depreciation Expenses	17,427,820	16,500,829	
Total Functions/Program Expenses	315,505,815	311,219,571	
Increase in Net Position	26,730,904	21,543,610	
Net Position - Beginning	131,258,790	225,479,371	
Adjustment to Restate Beginning Net Position	—	(115,764,191)	
Net Position - Beginning - Restated	131,258,790	109,715,180	
Net Position - Ending	\$ 157,989,694	\$ 131,258,790	

Revenues by Source -Statement of Activities



Key elements of the change in net position are as follows: Operating grants and contributions increased for the 2015-16 fiscal year by approximately \$1.2 million due primarily to an increase in several Federal projects.

- Grants and contributions not restricted to specific programs increased approximately \$4.7 million as a result of increased funding for the State's Florida Education Finance Program.
- Overall expenses increased \$4.3 million.
- Instructional expense increased by approximately \$3.1 million, primarily due to salary and benefits increases.



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 \$12.83 million while the total fund balance is \$34.38 million. The total fund balance increased by \$1.66 million during the 2015-16 fiscal year. The increase in fund balance is reflected by an increase of \$424 thousand in the unassigned fund balance and \$1.24 million in the assigned/restricted carryforward balances. Revenues and transfers exceeded expenditures by \$1.66 million in FY 2016, compared to expenditures exceeding revenues and transfers by \$1.36 million in FY 2015.

Special Revenue – Other Federal Fund: This fund has revenues totaling \$21,007,093, which is restricted for grants program services.

Capital Projects – Capital Bond Fund: This fund has a total fund balance of \$17,409,224, which is restricted for the acquisition, construction, and maintenance of capital assets.

Capital Projects - Other Capital Projects Fund: This fund has a total fund balance of \$34,567,541, which is restricted for the acquisition, construction, and maintenance of capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

Ending results of the final unassigned and assigned fund balances indicate the District far exceeded the minimum requirement of Florida Statute 1011.051. This statute requires the District maintain a budgeted fund balance of at least 3 percent of General Fund revenues during the course of the fiscal year. The District amended the General Fund budget several times during the fiscal year, primarily to account for changes in estimated local and Federal through State revenues and make the corresponding adjustments to budgeted expenditures. The District maintained a budgeted fund balance of at least 3 percent of General Fund revenues as required by Florida Statute 1011.051. The Florida Department of Education includes the assigned and unassigned fund balances for purposes of this calculation. The ending unassigned fund balance of \$64.8 million is 25.1% of General Fund Revenues (\$257.7 million). The unassigned and the assigned ending fund balance (\$77.21 million) is 29.96% of General Fund revenues. The District exceeded the minimum 3% (\$7.88 million) by \$69.48 million with the combined unassigned and assigned fund balance, and it exceeded the minimum 3% by \$56.92 million using only the unassigned fund balance.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$397,868,029 (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:

- New land purchase was made totaling approximately \$100,000.
- Several renovations additions to schools and re-roofing projects were completed during the year totaling approximately \$35 million.
- Purchase of 50 Compressed Natural Gas buses totaling \$8.6 million.
- Disposal of portable buildings, equipment, and vehicles totaled approximately \$11.7 million.
- Depreciation expense totaled \$17,427,820.

Capital Assets (Net of Depreciation)

	Governmental Activities	
	6/30/2016	6/30/2015
Land	\$ 15,682,454	\$ 15,587,417
Construction in Progress	21,171,649	38,466,056
Improvements Other Than Buildings	10,739,945	11,705,232
Buildings and Fixed Equipment	319,368,666	268,664,678
Furniture, Fixture, and Equipment	13,876,278	10,660,004
Motor Vehicles	13,374,998	6,361,700
Audio Visual Materials	2,134,340	1,799,372
Computer Software	1,519,699	1,992,819
Total Capital Assets	\$ 397,868,029	\$ 355,237,278

Additional information on the District's capital assets can be found in Note 4. to the financial statements.

Long-Term Debt

At June 30, 2016, the District has \$208,146,640 total capital asset-related debt outstanding. This amount is comprised of \$121,995,240 of certificates of participation payable, \$77,779,255 of bonds payable, \$1,120,000 note payable, and \$7,252,145 lease purchase agreement.

Other items classified as long-term liabilities, in the government-wide financial statements, include the compensated absences liability totaling \$28,619,911, other postemployment benefits payable in the amount of \$16,561,092, net pension liability \$116,640,006 and estimated insurance claims payable totaling \$4,214,849. The total debt outstanding is \$374,182,498.

Schedule of Outstanding Capital Asset Related Debt

	Governmental Activities	
	6/30/2016	6/30/2015
Notes Payable	\$1,120,000	\$2,240,000
Lease Purchase Agreement	7,252,145	8,113,871
State Schools/Sales Tax Bonds	77,779,255	83,663,056
Certificates of Participation	121,995,240	131,188,259
Total Long Term Debt	\$ 208,146,640	\$ 225,205,186

Additional information on the District's long-term liabilities can be found in Note 12 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 of the student population.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Leon 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, Leon County School District, 2757 West Pensacola Street Tallahassee, Florida, 32304

Leon County District School Board

Statement of Net Position

June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 75,724,162	\$ 72,406	\$ 75,796,568	\$ 951,521
Investments	13,656,365	-	13,656,365	-
Taxes receivable	-	-	-	57,911
Accounts receivable, net	319,614	-	319,614	221,097
Deposits receivable	-	-	-	17,761
Due from other agencies	6,950,678	-	6,950,678	577,832
Internal balances	449,511	-	449,511	-
Inventory	1,590,708	-	1,590,708	-
Prepaid items	-	-	-	106,259
Restricted assets:				
Cash with fiscal agents	16,839,981	-	16,839,981	-
Investments with fiscal agents	28,079,767	-	28,079,767	-
Total current assets	143,610,786	72,406	143,683,192	1,932,381
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets	36,854,103	-	36,854,103	1,433,046
Depreciable capital assets, net	361,013,926	-	361,013,926	13,881,141
Total capital assets net of accumulated depreciation	397,868,029	-	397,868,029	15,314,187
Total assets	541,478,815	72,406	541,551,221	17,246,568
Deferred outflows of resources				
Pension	27,050,092	-	27,050,092	437,589
Total deferred outflows of resources	27,050,092	-	27,050,092	437,589
Total assets and deferred outflows of resources	\$ 568,528,907	\$ 72,406	\$ 568,601,313	\$ 17,684,157

(continued)

Leon County District School Board
Statement of Net Position (continued)

June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities and net position				
Liabilities				
Salaries and wages payable	\$ 10,706,038	\$ -	\$ 10,706,038	\$ 166,353
Payroll deductions and withholdings	2,701,246	-	2,701,246	-
Accounts payable	2,093,396	170	2,093,566	645,399
Construction contracts retainage payable	1,573,957	-	1,573,957	-
Accrued interest payable	3,000	-	3,000	-
Deposits payable	237,854	-	237,854	-
Due to other agencies	9,326	-	9,326	137,244
Unearned revenue	-	-	-	11,996
Noncurrent liabilities:				
Portion due within one year	11,826,013	-	11,826,013	554,204
Portion due after one year	362,356,485	-	362,356,485	15,712,493
Total liabilities	391,507,315	170	391,507,485	17,227,689
Deferred inflows of resources				
Unearned revenue	9,012	-	9,012	-
Pension	19,022,886	-	19,022,886	307,053
Total deferred inflows of resources	19,031,898	-	19,031,898	307,053
Net position				
Net investment in capital assets	189,721,389	-	189,721,389	58,453
<i>Restricted for:</i>				
Debt service	25,918,532	-	25,918,532	-
Capital projects	10,497,450	-	10,497,450	-
Food service	11,729,078	-	11,729,078	-
Other purposes	13,326,243	-	13,326,243	160,049
Unrestricted	(93,202,998)	72,236	(93,130,762)	(69,087)
Total net position	157,989,694	72,236	158,061,930	149,415
Total liabilities, deferred inflows of resources and net position	\$ 568,528,907	\$ 72,406	\$ 568,601,313	\$ 17,684,157

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

Leon County District School Board

Statement of Activities

Year Ended June 30, 2016

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 157,511,024	\$ 6,843,541	\$ 1,098,342	\$ -
Student Support Services	9,639,003	-	-	-
Instructional Media Services	3,760,019	-	-	-
Instruction and Curriculum Development Services	15,216,758	-	-	-
Instructional Staff Training Services	1,648,972	-	-	-
Instruction-Related Technology	2,470,701	-	-	-
Board	1,000,491	-	-	-
General Administration	2,299,339	-	-	-
School Administration	19,687,035	-	-	-
Facilities Acquisition and Construction	2,139,460	-	-	993,089
Fiscal Services	2,392,184	-	-	-
Food Services	12,105,248	1,642,248	12,190,513	-
Central Services	5,941,535	-	-	-
Student Transportation Services	12,685,516	-	-	-
Operation of Plant	19,168,787	-	-	-
Maintenance of Plant	8,843,049	-	-	-
Administrative Technology Services	5,155,485	-	-	-
Community Services	6,923,223	-	-	-
Interest on Long-Term Debt	9,490,166	-	-	-
Unallocated Depreciation/Amortization Expense	17,427,820	-	-	-
Total governmental activities	<u>315,505,815</u>	<u>8,485,789</u>	<u>13,288,855</u>	<u>993,089</u>
Business-type activities:				
Other business-type activity	3,691	-	-	-
Total business-type activities	<u>3,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 315,509,506</u>	<u>\$ 8,485,789</u>	<u>\$ 13,288,855</u>	<u>\$ 993,089</u>
Component units:				
Charter schools and Foundation	\$ 15,876,804	\$ 457,737	\$ 1,247,016	\$ 271,382
Total component units	<u>\$ 15,876,804</u>	<u>\$ 457,737</u>	<u>\$ 1,247,016</u>	<u>\$ 271,382</u>

General Revenues:

Taxes:

Property taxes, levied for operational purposes

Property taxes, levied for capital projects

Local sales taxes

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

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

Change in net position

Net position at beginning of year

Adjustments to net position

Net position at end of year

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (149,569,141)	\$ -	\$ (149,569,141)	\$ (5,832,713)
(9,639,003)	-	(9,639,003)	(185,095)
(3,760,019)	-	(3,760,019)	(25,930)
(15,216,758)	-	(15,216,758)	(17,021)
(1,648,972)	-	(1,648,972)	(28,384)
(2,470,701)	-	(2,470,701)	(121,422)
(1,000,491)	-	(1,000,491)	(100,042)
(2,299,339)	-	(2,299,339)	(893,226)
(19,687,035)	-	(19,687,035)	(1,461,009)
(1,146,371)	-	(1,146,371)	(210,890)
(2,392,184)	-	(2,392,184)	(207,061)
1,727,513	-	1,727,513	(18,174)
(5,941,535)	-	(5,941,535)	(56,123)
(12,685,516)	-	(12,685,516)	(167,866)
(19,168,787)	-	(19,168,787)	(2,191,789)
(8,843,049)	-	(8,843,049)	(387,643)
(5,155,485)	-	(5,155,485)	(55,506)
(6,923,223)	-	(6,923,223)	(40,174)
(9,490,166)	-	(9,490,166)	(833,163)
(17,427,820)	-	(17,427,820)	(23,869)
(292,738,082)	-	(292,738,082)	(12,857,100)
-	(3,691)	(3,691)	-
-	(3,691)	(3,691)	-
\$ (292,738,082)	\$ (3,691)	\$ (292,741,773)	\$ (12,857,100)
\$ -	\$ -	\$ -	\$ (13,900,669)
\$ -	\$ -	\$ -	\$ (13,900,669)
\$ 86,459,721	\$ -	\$ 86,459,721	\$ 2,081,035
22,761,938	-	22,761,938	-
21,003,294	-	21,003,294	144,475
183,362,584	-	183,362,584	11,692,036
817,032	-	817,032	(5,025)
5,064,417	178	5,064,595	212,514
319,468,986	178	319,469,164	14,125,035
26,730,904	(3,513)	26,727,391	224,366
131,258,790	75,749	131,334,539	585,390
-	-	-	(660,341)
\$ 157,989,694	\$ 72,236	\$ 158,061,930	\$ 149,415

Leon County District School Board

Balance Sheet - Governmental Funds

June 30, 2016

		Special Revenue	Capital Projects
		Other	
		Federal	District
	General	Programs	Bonds
Assets			
Cash and cash equivalents	\$ 42,278,246	\$ 258,788	\$ 227,155
Investments	3,574,344	-	-
Taxes receivable, net	-	-	-
Accounts receivable, net	283,065	491	2,605
Due from other funds:			
Budgetary funds	449,511	-	-
Due from other agencies	1,230,716	1,756,656	-
Cash with fiscal/service agents	100,000	-	16,632,709
Investments with fiscal agents	-	-	2,832,029
Inventory	925,611	-	-
Total assets	<u>\$ 48,841,493</u>	<u>\$ 2,015,935</u>	<u>\$ 19,694,498</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Salaries, benefits, and payroll taxes payable	\$ 9,810,041	\$ 859,259	\$ -
Payroll deductions and withholdings	2,304,512	375,640	-
Accounts payable	1,023,702	189,966	772,398
Construction contracts payable - retained percentage	-	-	1,512,876
Matured interest payable	-	-	-
Sales tax payable	464	-	-
Deposits payable	-	-	-
Due to other funds:			
Budgetary funds	1,314,049	591,070	-
Due to other agencies	8,862	-	-
Total liabilities	<u>14,461,630</u>	<u>2,015,935</u>	<u>2,285,274</u>
Deferred inflows of resources			
Unearned revenues	-	-	-
Fund balances			
Nonspendable:			
Inventory	925,611	-	-
Restricted for:			
Debt service funds	-	-	-
Capital projects	-	-	-
Other	8,224,731	-	-
Assigned to:			
Other	12,400,632	-	-
Unassigned fund balance	<u>12,828,889</u>	<u>-</u>	<u>17,409,224</u>
Total fund balances	<u>34,379,863</u>	<u>-</u>	<u>17,409,224</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,841,493</u>	<u>\$ 2,015,935</u>	<u>\$ 19,694,498</u>

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

Capital Projects	Non-major	
Other	Other	Total
Capital	Governmental	Governmental
Projects	Funds	Funds
\$ 20,800,329	\$ 12,159,644	\$ 75,724,162
10,038,131	43,890	13,656,365
-	-	-
-	33,453	319,614
181,109	1,724,010	2,354,630
3,603,561	359,745	6,950,678
252	107,020	16,839,981
-	25,247,738	28,079,767
-	665,097	1,590,708
<u>\$ 34,623,382</u>	<u>\$ 40,340,597</u>	<u>\$ 145,515,905</u>
\$ -	\$ 36,738	\$ 10,706,038
-	21,094	2,701,246
32,495	74,835	2,093,396
23,346	37,735	1,573,957
-	3,000	3,000
-	-	464
-	237,854	237,854
-	-	1,905,119
-	-	8,862
<u>55,841</u>	<u>411,256</u>	<u>19,229,936</u>
-	9,012	9,012
-	-	925,611
-	25,918,532	25,918,532
-	10,497,450	10,497,450
-	3,504,347	11,729,078
-	-	12,400,632
34,567,541	-	64,805,654
<u>34,567,541</u>	<u>39,920,329</u>	<u>126,276,957</u>
<u>\$ 34,623,382</u>	<u>\$ 40,340,597</u>	<u>\$ 145,515,905</u>

Leon County District School Board

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

June 30, 2016

Total fund balances - governmental funds	\$ 126,276,957
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Amounts reported for governmental activities in the governmental funds balance sheet 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.	397,868,029
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Deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the governmental funds.	8,027,206
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(374,182,498)</u>
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Total net position - governmental activities	<u><u>\$ 157,989,694</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Leon County District School Board

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

Year ended June 30, 2016

		Special Revenue	Capital Projects
		Other	
		Federal	District
	General	Programs	Bonds
Revenues			
Federal direct	\$ 237,062	\$ 1,833,154	\$ -
Federal through state and local	56,177	19,173,939	-
State sources	158,962,013	-	-
Local sources:			
Property taxes levied for operational purposes	86,459,721	-	-
Property taxes levied for capital projects	-	-	-
Local sales taxes	-	-	-
Other local revenue	11,972,372	-	148,514
Total local sources	98,432,093	-	148,514
Total revenues	257,687,345	21,007,093	148,514
Expenditures			
Current:			
Instruction	150,846,817	9,759,561	-
Pupil personnel services	9,021,812	831,369	-
Instructional media services	3,836,587	9,095	-
Instruction and curriculum development services	10,284,658	5,287,785	-
Instructional staff training services	838,040	814,560	-
Instruction related technology	2,473,881	49,613	-
School board	1,005,373	6,403	-
General administration	1,257,780	1,066,067	-
School administration	20,140,565	34,441	-
Facilities acquisition and construction	1,274,723	878,123	-
Fiscal services	2,201,648	-	-
Central services	5,950,554	104,957	-
Pupil transportation services	12,851,120	81,428	-
Operation of plant	19,322,426	37,610	-
Maintenance of plant	8,990,286	3,660	-
Administrative technology services	5,249,819	-	-
Community services	4,921,725	2,042,421	-
Debt service:			
Redemption of principal	-	-	-
Interest	-	-	-
Dues, fees, and issuance costs	-	-	-
Capital outlay:			
Facilities acquisition and construction	522,742	-	41,727,003
Other capital outlay	17,351	-	-
Total expenditures	261,007,907	21,007,093	41,727,003
Excess (deficiency) of revenues over (under) expenditures	(3,320,562)	-	(41,578,489)
Other financing sources (uses)			
Proceeds of lease purchase agreement	-	-	-
Payments to refunded bond escrow agent	-	-	-
Transfers in	5,013,900	-	-
Transfers out	(28,759)	-	-
Total other financing sources (uses)	4,985,141	-	-
Net change in fund balances	1,664,579	-	(41,578,489)
Fund balances, July 1, 2015	32,715,284	-	58,987,713
Fund balances, June 30, 2016	\$ 34,379,863	\$ -	\$ 17,409,224

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

Capital Projects	Non-major	
Other	Other	Total
Capital	Governmental	Governmental
Projects	Funds	Funds
\$ -	\$ 2,596,156	\$ 4,666,372
-	12,036,656	31,266,772
250,000	2,499,371	161,711,384
-	-	86,459,721
-	22,761,938	22,761,938
21,003,294	-	21,003,294
278,189	1,968,163	14,367,238
21,281,483	24,730,101	144,592,191
21,531,483	41,862,284	342,236,719
-	-	160,606,378
-	12,232,111	22,085,292
-	-	3,845,682
-	-	15,572,443
-	19,538	1,672,138
-	-	2,523,494
-	-	1,011,776
-	1,621	2,325,468
-	-	20,175,006
-	-	2,152,846
-	-	2,201,648
-	-	6,055,511
-	-	12,932,548
-	-	19,360,036
-	-	8,993,946
-	-	5,249,819
-	-	6,964,146
-	17,114,725	17,114,725
-	10,838,987	10,838,987
-	240,765	240,765
13,343,128	4,703,569	60,296,442
-	-	17,351
13,343,128	45,151,316	382,236,447
8,188,355	(3,289,032)	(39,999,728)
-	58,410,000	58,410,000
-	(57,005,000)	(57,005,000)
-	20,461,436	25,475,336
(7,508,950)	(17,937,627)	(25,475,336)
(7,508,950)	3,928,809	1,405,000
679,405	639,777	(38,594,728)
33,888,136	39,280,552	164,871,685
\$ 34,567,541	\$ 39,920,329	\$ 126,276,957

Leon County District School Board

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

Year ended June 30, 2016

Net change in fund balances - governmental funds \$ (38,594,728)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current period. 60,296,442

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments in the current period. 15,709,725

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds. (10,680,535)

Pension contributions are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense. -

Change in net position of governmental activities \$ 26,730,904

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

Leon County District School Board

Statement of Net Position -
Proprietary Fund

June 30, 2016

	Enterprise Fund - District Permitting Office
Assets	
Current assets:	
Cash and cash equivalents	\$ 72,406
Total assets	<u>\$ 72,406</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 170
Total liabilities	<u>170</u>
Net position	
Unrestricted	<u>72,236</u>
Total net position	<u>72,236</u>
Total liabilities and net position	<u>\$ 72,406</u>

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

Leon County District School Board

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

Year ended June 30, 2016

	Enterprise Fund - District Permitting Office
Operating Revenues	
Charges for services	\$ -
Charges for sales	-
Total operating revenues	-
Operating Expenses	
Purchased services	2,328
Materials and supplies	208
Capital outlay	-
Other expenses	1,155
Total operating expenses	3,691
Operating loss	(3,691)
Nonoperating revenues	
Interest revenue	26
Miscellaneous local sources	152
Total nonoperating revenues	178
Change in net position	(3,513)
Net position - beginning	75,749
Net position - ending	\$ 72,236

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

Leon County District School Board

Statement of Cash Flows -
Proprietary Fund

Year ended June 30, 2016

	Enterprise Fund - District Permitting Office
Cash flows from operating activities	
Other receipts (payments)	\$ (3,821)
Net cash used in operating activities	<u>(3,821)</u>
Cash flows from investing activities	
Interest and dividends received	26
Other receipts	<u>152</u>
Net cash provided by investing activities	<u>178</u>
Net decrease in cash and cash equivalents	(3,643)
Cash and cash equivalents - beginning	<u>76,049</u>
Cash and cash equivalents - ending	<u><u>\$ 72,406</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (3,691)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Decrease in accounts payable	<u>(130)</u>
Total adjustments	<u>(130)</u>
Net cash used in operating activities	<u><u>\$ (3,821)</u></u>

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

Leon County District School Board

Statement of Fiduciary Net Position -
Fiduciary Funds

June 30, 2016

	Voluntary Employee Benefits Trust Funds	Frank Stoutamire Private -Purpose Trust Funds	Internal Accounts Agency Funds
Assets			
Cash and cash equivalents	\$ 12,208,536	\$ 39,983	\$ 4,571,904
Accounts receivable, net	82,745	-	39,545
Investments	3,350	-	-
Total assets	<u>\$ 12,294,631</u>	<u>\$ 39,983</u>	<u>\$ 4,611,449</u>
Liabilities			
Payroll deductions and withholdings	\$ 7,259,559	\$ -	\$ -
Due to other funds - budgetary	-	-	449,511
Internal accounts payable	-	-	4,161,938
Total liabilities	<u>7,259,559</u>	<u>-</u>	<u>4,611,449</u>
Net position			
Assets held in trust for employee benefits	5,035,072	-	-
Assets held in trust for scholarships and other purposes	-	39,983	-
Total net position	<u>5,035,072</u>	<u>39,983</u>	<u>-</u>
Total liabilities and net position	<u>\$ 12,294,631</u>	<u>\$ 39,983</u>	<u>\$ 4,611,449</u>

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

Leon County District School Board

Statement of Changes in Fiduciary Net Position -
Fiduciary Funds

Year ended June 30, 2016

	Voluntary Employee Benefits Trust Funds	Frank Stoutamire Private-Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 20,478,785	\$ -
Plan members	18,848,733	-
Investment earnings:		
Interest	20,606	14
Total investment earnings, net	20,606	14
Total additions	39,348,124	14
Deductions		
Purchased services	25,702	-
Payments to providers	38,875,682	-
Total deductions	38,901,384	-
Change in net position	446,740	14
Net position - beginning	4,588,332	39,969
Net position - ending	<u>\$ 5,035,072</u>	<u>\$ 39,983</u>

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Blended Component Units (continued)

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

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

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

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

Charter Schools

- The School of the Arts and Sciences (a charter school under the School of Arts and Sciences Foundation, Inc.)
- The School of Arts and Sciences at the Centre (a charter school under the School of Arts and Sciences Foundation, Inc.)
- Imagine – Leon County, LLC
- Stars Education Services, Inc. (d/b/a Tallahassee School of Math and Science)
- Governors Charter Academy, a department of Renaissance Charter School, Inc.
- The Woodville Educational Foundation, Inc. (d/b/a The Woodville Middle School of Leadership through History and Civics)

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charter Schools (continued)

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

The financial data reported on the accompanying statements was derived from the Foundation's and charter schools' audited financial statements for the fiscal year ended June 30, 2016. These audit reports are filed in the District's administrative offices.

Basis of Presentation

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

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

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

Basis of Accounting

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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

Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

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

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits, except for cash with fiscal agents, are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. Cash equivalents and investments with fiscal agents are uncollateralized, but held in a trust capacity both under a paying agent agreement for payment of maturing bond principal and interest and under a trust agreement.

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

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

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

Inventories and Prepaid Items

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Life</u>
Improvements, other than buildings	8-35 years
Buildings and fixed equipment	40 years
Furniture, fixtures and equipment	3-15 years
Motor vehicles	5-10 years
Audio visual materials	3-5 years
Computer software	5 years

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

Long-Term Liabilities

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported committed fund balances of \$0 at June 30, 2016.

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

Program Revenues

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State Revenue Sources

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

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

A schedule of revenue from State sources for the current year is presented in a subsequent note.

District Property Taxes

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

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

The Board adopted the 2016 tax levy on September 8, 2015. 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.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

District Property Taxes (continued)

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

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

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

Capital Outlay Surtax

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

Federal Revenue Sources

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

Compensated Absences

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only for the current portion of compensating absences expected to be paid using expendable available resources.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds Operating and Non-operating Revenues and Expenses

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

2. ACCOUNTING CHANGES AND PRIOR PERIOD ADJUSTMENTS

Governmental Accounting Standards Board (GASB) Statement No. 68

A District charter school, reported as a component unit, implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB No. 68 requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of net pension liabilities of the defined benefit pension plans, which includes restating beginning net position. As such, the beginning net position of the District's component unit decreased by \$660,341 as a result of the implementation.

Governmental Accounting Standards Board (GASB) Statement No. 72

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The District has implemented this Statement for the fiscal year ending June 30, 2016.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

3. DEPOSITS AND INVESTMENTS

At June 30, 2016, the District had the following investments and investments with fiscal agent:

Fair Value Measurements at Reporting Date Using Quoted Prices

	Amounts Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Government Agencies	\$ 11,990,480	\$ -	\$ 11,990,480	\$ -
Corporate Bonds	2,480,472	-	2,480,472	-
Municipal Bonds	1,965,601	-	1,965,601	-
Total investments by fair value level	<u>16,436,553</u>	<u>\$ -</u>	<u>\$ 16,436,553</u>	<u>\$ -</u>
Investments reported at amortized cost:				
Money Market	25,160,971			
Florida Prime (SBA)	57,881			
SBA Debt Service	42,010			
Other	38,717			
Total investments reported at amortized cost	<u>25,299,579</u>			
Total Investments and Investments with fiscal agents, Primary Government	<u>\$ 41,736,132</u>			

The District's recurring fair value measurements are valued using quoted prices for similar assets in active markets or identical or similar assets in inactive markets (Level 2 inputs). Florida Prime, SBA Debt Service, and Money Market funds are reported at amortized cost. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net position.

Certain investments are measured at fair value using the net asset value per share (or its equivalent) and have not been classified in the fair value hierarchy. All investments may be redeemed without advance notice and there are no limitations as to the frequency of redemptions for any investment pool. The District has no unfunded commitments to invest in any investment pool.

Interest Rate Risk

Interest rate risk is the risk that changes in investment rates will adversely affect the fair value of an investment. District policies limit the maturity of investments to a 5 year weighted average life as a means of limiting its exposure to fair value losses arising from rising interest rates.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

3. DEPOSITS AND INVESTMENTS (continued)

The District has \$16,436,553 in U.S. Government Agencies, Corporate Bonds and Municipal Bonds. These securities included embedded options to call the entire security or a portion thereof, at the option of the issuer; or, depending on market conditions, the issuer may decide to leave the security intact, at stated interest rate, until final maturity. These securities have various call dates with final maturity dates being December 2051.

Investment	Fair Value	Investment Maturities			
		Less than 1 Year	1 to 5 years	6 to 10 Years	Over 10 Years
Money Market	\$ 25,160,971	\$ 25,160,971	\$ -	\$ -	\$ -
U.S. Government Agencies	11,990,480	3,450,556	7,314,159	13,275	1,212,489
Corporate Bonds	2,480,472	500,848	1,979,625	-	-
Municipal Bonds	1,965,601	1,197,505	768,096	-	-
Florida Prime (SBA)	57,881	57,881	-	-	-
SBA District Bonds	42,010	42,010	-	-	-
Other	38,717	38,717	-	-	-
Total Investments, Reporting Entity	<u>\$ 41,736,132</u>	<u>\$ 30,448,488</u>	<u>\$ 10,061,880</u>	<u>\$ 13,275</u>	<u>\$ 1,212,489</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the SBA's Florida PRIME, or any other intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchanges Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The District's investment policy states that it shall be the responsibility of the Superintendent or his authorized representative to promptly invest temporarily idle funds in the most efficient manner in those legal instruments prescribed by law, so as to earn the best return on those funds.

Investments authorized by District policy are:

- a. Direct Obligation of the United States Treasury;
- b. U.S. Government Sponsored Agencies or Federal Instrumentalities;
- c. Investments in the Florida Prime Fund;
- d. Certificates of Deposit and Savings Accounts;
- e. Repurchase Agreements;
- f. State and/or Local Government Taxable or Tax-Exempt Debt;
- g. Corporate Securities;
- h. Commercial Paper
- i. Mutual Funds;

Leon County District School Board
Notes to Financial Statements

June 30, 2016

3. DEPOSITS AND INVESTMENTS (continued)

Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in a book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other State or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District's \$16,436,553 investments in U.S. Government Agencies, Corporate Bonds and Municipal Bonds are held by the safekeeping agent, in the name of the District.

Concentration of Credit Risk

The District measures credit quality using the Standard and Poor's rating scale. As of June 30, 2016, the District's investment in U.S. Government Agencies, Corporate and Municipal Bonds is as follows:

Quality Breakdown	Portfolio Percentage
US Treasury	30.11%
US Agency	42.67
AAA	7.40
AA	17.76
A	0.00
BBB	0.00
Other	2.06
Total	100.00%

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

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

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

4. CAPITAL ASSETS

Changes in Capital Assets

Changes in capital assets are presented in the table below:

Governmental Activities	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Non-Depreciable Capital Assets:				
Land	\$ 15,587,417	\$ 95,037	\$ -	\$ 15,682,454
Construction-in-Progress	38,466,056	42,590,988	(59,885,395)	21,171,649
Total Non-Depreciable Assets	<u>\$ 54,053,473</u>	<u>\$ 42,686,025</u>	<u>\$ (59,885,395)</u>	<u>\$ 36,854,103</u>
Depreciable Assets:				
Improvements Other Than				
Buildings	\$ 36,369,097	\$ 19,390	\$ -	\$ 36,388,487
Buildings and Fixture Equipment	458,783,118	61,766,698	-	520,549,816
Furniture, Fixture & Equipment	54,201,328	6,232,360	(10,678,736)	49,754,952
Motor Vehicles	25,723,767	8,650,293	(411,972)	33,962,088
Audio Visual Materials	5,791,476	750,915	(691,064)	5,851,327
Computer Software	2,818,342	76,156	(159,850)	2,734,648
Total Depreciable Assets	<u>583,687,128</u>	<u>77,495,812</u>	<u>(11,941,622)</u>	<u>649,241,318</u>
Less Accumulated Depreciation:				
Improvements Other Than				
Buildings	24,663,865	984,677	-	25,648,542
Buildings and Fixture Equipment	190,118,440	11,062,710	-	201,181,150
Furniture, Fixture & Equipment	43,541,324	2,802,882	(10,465,532)	35,878,674
Motor Vehicles	19,362,067	1,636,365	(411,342)	20,587,090
Audio Visual Materials	3,992,104	403,263	(678,380)	3,716,987
Computer Software	825,523	537,923	(148,497)	1,214,949
Total Accumulated Depreciation	<u>282,503,323</u>	<u>17,427,820</u>	<u>(11,703,751)</u>	<u>288,227,392</u>
Net Depreciable Capital Assets	<u>\$ 301,183,805</u>	<u>\$ 60,067,992</u>	<u>\$ (237,871)</u>	<u>\$361,013,926</u>
Governmental Activities				
Capital Assets	<u>\$ 355,237,278</u>	<u>\$ 102,754,017</u>	<u>\$ (60,123,266)</u>	<u>\$397,868,029</u>

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

Leon County District School Board
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5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS

General Information about the Florida Retirement System (FRS)

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

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

The District's pension expense totaled \$7,795,657 for the 2015-16 fiscal year.

FRS Pension Plan

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

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

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

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

Leon County District School Board
Notes to Financial Statements

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

FRS Pension Plan (continued)

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

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

Benefits Provided

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

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

Benefits Provided (continued)

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

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

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

Contributions

Prior to July 1, 2011, the FRS was noncontributory for employees. Beginning July 1, 2011, employees who are not participating in DROP are required to contribute 3% of their salary to the FRS. The District is required to contribute at an actuarially-determined rate. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for the 2015-2016 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00	7.26
FRS, Senior Management Services	3.00	21.43
Elected Officers	3.00	42.27
FRS, Special Risk	3.00	22.04
Deferred Retirement Option Program – Applicable to Members from All of the Above Classes	N/A	12.88
FRS Reemployed Retiree	(2)	(2)

Notes: (1) These Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

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

The District's contributions to the defined benefit pension plan totaled \$9,651,225 for the fiscal year ended June 30, 2016, excluding HIS plan contributions.

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

At June 30, 2016, the District reported a liability of \$58,092,266 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.449757910 percent, which was a decrease of 0.01414627 percent from its proportionate share measured as of June 30, 2014.

Leon County District School Board
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June 30, 2016

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

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

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$3,783,003. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,132,823	\$ 1,377,772
Change of assumptions	3,855,779	–
Net difference between projected and actual earnings on FRS pension plan investments	–	13,871,461
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	–	1,943,070
District FRS contributions subsequent to the measurement date	9,651,225	–
Total	<u>\$ 19,639,827</u>	<u>\$ 17,192,303</u>

The deferred outflows of resources related to pensions totaling \$9,651,225 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Net Deferred Outflows (Inflows) of Resources
2017	\$ (1,777,754)
2018	(1,777,754)
2019	(1,777,754)
2020	(1,777,754)
2021	(1,764,239)
Thereafter	1,671,554
Total	<u>\$ (7,203,701)</u>

Leon County District School Board
Notes to Financial Statements

June 30, 2016

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

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. There were no changes in actuarial assumptions for the year ended June 30, 2016.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

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

Actuarial Assumptions (continued)

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

Asset Class	Target Allocation ¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.00%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
	<u>100.0%</u>			
Assumed Inflation – Mean		2.6%		2.0%

¹ As outlined in the Plan's investment policy

Leon County District School Board
Notes to Financial Statements

June 30, 2016

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

Discount Rate

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

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

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
District's proportionate share of the net pension liability - FRS	\$ 150,530,200	\$ 58,092,266	\$ (18,831,278)

Pension Plan Fiduciary Net Position

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

HIS Pension Plan

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

Leon County District School Board
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June 30, 2016

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

Benefits Provided

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, 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.

The District's contributions to the HIS Plan totaled \$2,772,392 for the fiscal year ended June 30, 2016.

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

At June 30, 2016, the District reported a net pension liability of \$58,547,740 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.5741 percent, which was a decrease of 0.001 percentage from its proportionate share measured as of June 30, 2014.

Leon County District School Board
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5. RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS (continued)

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

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$4,012,654. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 4,606,179	\$ –
Net difference between projected and actual earnings on HIS pension plan investments	31,694	–
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	–	1,830,583
District contributions subsequent to the measurement date	2,772,392	–
Total	<u>\$ 7,410,265</u>	<u>\$ 1,830,583</u>

The deferred outflows of resources totaling \$2,772,392 was related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. 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>Year Ended June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2017	\$ 296,940
2018	296,940
2019	296,940
2020	296,940
2021	296,940
Thereafter	1,322,590
Total	<u>\$ 2,807,290</u>

Leon County District School Board
Notes to Financial Statements

June 30, 2016

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

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, including inflation
Municipal Bond Rate	3.80 percent

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. As of June 30, 2015, the municipal rate used to determine total pension liability decreased from 4.29% to 3.80%

Discount Rate

The discount rate used to measure the total pension liability was 3.80 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.80 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.80 percent) or 1 percentage point higher (4.80 percent) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
District's proportionate share of the net pension liability – HIS	\$ 66,712,424	\$ 58,547,740	\$ 51,739,618

Leon County District School Board
Notes to Financial Statements

June 30, 2016

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

Pension Plan Fiduciary Net Position

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

FRS Investment Plan

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

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

FRS Investment Plan (continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$1,268,487 for the fiscal year ended June 30, 2016.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

6. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description

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

Funding Policy

Plan contribution requirements of the District and OPEB Plan members are established and may be amended through action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2015-2016 fiscal year, 306 retirees received other postemployment benefits. The District's contribution to the OPEB obligation is the implicit subsidy for the retirees, which was \$1,745,907. This amount was comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, reinsurance premiums, and net of retiree contributions totaling \$2,206,818, which represents 1.8 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation

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

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June 30, 2016

6. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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

Description	
Normal Cost (service cost for one year)	\$ 1,073,649
Amortization of Unfunded Actuarial Accrued Liability	2,080,170
Annual Required Contribution	3,153,819
Interest on Net OPEB Obligation	526,682
Adjustment to Annual Required Contribution	(1,333,548)
Annual OPEB cost (expense)	2,346,953
Contribution Toward the OPEB Cost	(1,745,907)
Increase in Net OPEB Obligation	601,046
Net OPEB Obligation, July 1, 2015	15,960,046
Net OPEB Obligation, June 30, 2016	<u>\$ 16,561,092</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, 2016, and the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013 – 2014	\$ 2,735,532	\$ 1,648,639	60.27%	\$ 14,865,279
2014 – 2015	\$ 2,764,980	\$ 1,670,213	60.41%	\$ 15,960,046
2015 – 2016	\$ 2,346,953	\$ 1,745,907	74.39%	\$ 16,561,092

Funded Status and Funding Progress

As of October 1, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$24,494,807, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$24,494,807 and a funded ratio of zero percent (0.00%). The covered payroll (annual payroll of active participating employees) was \$119,756,603, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20.45 percent.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

6. OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Funded Status and Funding Progress (continued)

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

Actuarial Methods and Assumptions

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

The District's OPEB actuarial valuation as of October 1, 2015, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2016, and the District's 2015-2016 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.30 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 3.25 percent per year, and an annual healthcare cost trend rate of 7.0 percent for the 2015-2016 fiscal year, reduced to an ultimate rate of 4.46 percent after 25 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016, was 12 years.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

7. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Encumbrances

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

The following is a schedule of encumbrances at June 30, 2016:

	Major Funds					
	General	Special Revenue Other	Capital Projects District Bonds	Capital Projects Other	Nonmajor Governmental Funds	Total Governmental Funds
Encumbrances	\$2,111,237	\$248,448	\$916,355	\$4,468	\$ 756,261	\$ 4,036,769

Construction Contracts

Encumbrances include the following major construction contract commitments at June 30, 2016:

	Projects	Contract Amount	Completed To Date	Balance Committed
Buck Lake	Site, New Wing, Dining, Kitchen Expansion and Remodeling	\$ 6,807,933	\$ 6,799,745	\$ 8,188
Deerlake	HVAC Bldg 1 and 5, Expand/Remodel Admin, drop off canopy	2,886,053	888,921	1,997,132
Desoto Trail	Site, New Wing, Dining, Kitchen Expansion and Remodeling	6,630,761	4,551,980	2,078,781
Gilchrist	Classroom Wing, Site, renovate Bldg 1	5,011,468	3,689,901	1,321,567
Ruediger	Renovate / Remodel, Site, New Dining	3,484,811	1,687,128	1,797,683
WT Moore	New Construction	3,269,948	2,144,722	1,125,226
TOTAL		<u>\$28,090,974</u>	<u>\$ 19,762,397</u>	<u>\$ 8,328,577</u>

Leon County District School Board
Notes to Financial Statements

June 30, 2016

7. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (continued)

Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property protection, workers' compensation, automobile liability, and general liability coverage are being provided on a self-insured basis up to specified limits. The District has entered into agreements with various insurance companies to provide specific excess coverage when total claims minus specific excess coverage exceeds the loss fund established annually by the District. The District has contracted with an insurance administrator to administer these District's self-insurance programs, including the processing, investigating, and payment of claim.

A liability in the amount of \$4,214,849 was actuarially determined to cover estimated incurred but not reported insurance claims payable at June 30, 2016.

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2014 – 2015	\$ 6,325,022	\$ (584,104)	\$ (1,260,698)	\$ 4,480,220
2015 – 2016	\$ 4,480,220	\$ 1,016,861	\$ (1,282,232)	\$ 4,214,849

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.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

8. LONG-TERM LIABILITIES

Note Payable

Description	Amount Outstanding	Interest Rate	Final Maturity
Section 1011.14 FL Statutes, Note: School Buses	\$ 1,120,000	1.56%	October 1, 2016

The District entered into a financing arrangement on November 9, 2011, under the provision of Section 1011.14, Florida Statutes, which authorizes district school boards to create obligations for a period of one year, in anticipation of budgeted revenues accruing on a current basis, without pledging the credit of the District or requiring future levy of taxes for certain purposes. These obligations may be extended from year to year, with the consent of the lender, for a period not to exceed four years, for a total of five years, including the initial year of the loan. This obligation was undertaken to purchase 30 Compressed Natural Gas school buses and is due on October 1, 2016.

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

Fiscal Year Ending June 30	Total	Principal	Interest
2017	\$ 1,128,753	\$ 1,120,000	\$ 8,753

Lease Purchase Agreement

Description	Amount Outstanding	Interest Rate	Final Maturity
Lease Purchase Agreement: School Buses	\$ 7,252,145	2.033%	October 1, 2023

Leon County District School Board
Notes to Financial Statements

June 30, 2016

8. LONG-TERM LIABILITIES (continued)

Lease Purchase Agreement (continued)

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

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

Fiscal Year Ending June 30	Total	Principal	Interest
2017	\$ 991,397	\$ 843,961	\$ 147,436
2018	991,397	861,119	130,278
2019	991,397	878,626	112,771
2020	991,397	896,488	94,909
2021	991,397	914,714	76,683
2022 - 2025	2,974,194	2,857,237	116,957
	<u>\$ 7,931,179</u>	<u>\$ 7,252,145</u>	<u>\$ 679,034</u>

9. CERTIFICATES OF PARTICIPATION

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

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

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

9. CERTIFICATES OF PARTICIPATION (continued)

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

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

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

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

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

On April 14, 2016, the master financing arrangement was amended to refund COP Series 2005 and Series 2006, in the amount of \$58,410,000.

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

9. CERTIFICATES OF PARTICIPATION (continued)

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

The Series 2016, Refunding, mature on July 1, 2026, with semiannual lease payments on July 1, and January 1 have a fixed interest rate of 1.818 percent. The Series 2004 QZABs mature on November 23, 2020, with interest paid by the Federal government in the form of annual tax credits to the holders of the COPs. The lease payments for the Series 2005, Refunding, and Series 2006 are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 2.5 to 4.25 percent and 3.625 to 4.5 percent, respectively. The lease payments for the Series 2008A QZABs are payable annually on March 9 at a fixed interest rate of 0.19 percent. The lease payments for the Series 2008B QZABs are payable annually on July 25 at a fixed interest rate of 1.7 percent. The lease payment for the Series 2010 QSCBs are payable annually on September 1 at a fixed rate of 4.84 percent. The lease payments for the Series 2010 QZABs are payable annually on December 1 at a fixed interest rate of 5.68 percent. Both the Series 2010 QSCBs and the Series 2010 QZABs receive a Federal subsidy at the same rate of interest as the bond, resulting in a net zero percent cost to the District.

The Series 2010 QZABs include a 10% matching contribution, based on the amount issued, in the form of cash or in-kind contributions pledged by various vendors. The total amount of contributions received as of June 30, 2016 is \$59,450 in cash contributions and \$164,142.54 in in-kind contributions.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

9. CERTIFICATES OF PARTICIPATION (continued)

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

Fiscal Year Ending June 30	Total	Principal	Interest
2017	\$ 4,978,743	\$ 1,312,000	\$ 3,666,743
2018	10,394,294	6,507,000	3,887,294
2019	10,371,438	6,597,000	3,774,438
2020	10,356,855	6,697,000	3,659,855
2021	13,648,500	10,105,000	3,543,500
2022 – 2026	48,792,171	32,866,000	15,926,171
2027 – 2029	64,032,582	57,911,240	6,121,342
	<u>\$ 162,574,583</u>	<u>\$121,995,240</u>	<u>\$ 40,579,343</u>

10. BONDS PAYABLE

Bonds payable at June 30, 2016, are as follows:

Bond Type	Amount Outstanding	Interest Rate	Annual Maturity To
State School Bonds:			
Series 2009A (New Money)	\$ 800,000	2.00- 5.00%	2029
Series 2009A (Refunding)	110,000	3.00%	2019
Series 2010A (2001 Refunding)	430,000	3.00-5.00%	2021
Series 2014B (Refunding)	474,000	2.00-5.00%	2020
District Revenue Bonds:			
Series 2014	<u>68,325,000</u>	1.82-3.66%	2027
Total Bonds	70,139,000		
Add: Unamortized Bond Premiums	7,640,255		
Total Bonds Payable	<u><u>\$ 77,779,255</u></u>		

Leon County District School Board
Notes to Financial Statements

June 30, 2016

10. BONDS PAYABLE (continued)

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

State School Bonds

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

Sales Tax Revenue Bonds, Series 2014

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

The District pledged a total of \$102,644,025 of discretionary surtax sales revenues (sales tax revenues) in connection with the Series 2014 Sales Tax Revenue Bond issue described above. During the 2015-2016 fiscal year, the District recognized sales tax revenues totaling \$21,003,294 and expended \$7,506,000 (36 percent) of these revenues for debt service directly collateralized by these revenues. The pledged sales tax revenues are committed until final maturity of the debt, or September 1, 2027. Assuming a nominal growth rate in the collection of sales tax revenues, approximately 35 percent of this revenue stream has been pledged in connection with debt service on the revenue bonds.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

10. BONDS PAYABLE (continued)

Annual requirements to amortize all bonded debt outstanding as of June 30, 2016, are as follows:

Fiscal Year Ended June 30	Total	Principal	Interest
State School Bonds:			
2017	\$ 573,108	\$ 490,000	\$ 83,108
2018	296,608	238,000	58,608
2019	226,708	180,000	46,708
2020	189,558	151,000	38,558
2021	186,788	155,000	31,788
2022 – 2026	413,886	315,000	98,886
2027 – 2029	310,961	285,000	25,961
	<u>2,197,617</u>	<u>1,814,000</u>	<u>383,617</u>
Sales Tax Revenue Bonds:			
2017	7,461,075	4,295,000	3,166,075
2018	7,455,950	4,510,000	2,945,950
2019	7,449,825	4,735,000	2,714,825
2020	7,447,075	4,975,000	2,472,075
2021	7,442,075	5,225,000	2,217,075
2022 – 2026	37,096,625	30,305,000	6,791,625
2027 – 2029	14,856,800	14,280,000	576,800
	<u>89,209,425</u>	<u>68,325,000</u>	<u>20,884,425</u>
	<u>\$ 91,407,042</u>	<u>\$ 70,139,000</u>	<u>\$ 21,268,042</u>

11. DEFEASED DEBT

In prior years, the Board defeased in-substance various debt issues by placing a portion of the proceeds of the new COPs and bonds in an irrevocable trust to provide for all future debt service payments on the in-substance defeased COPs. Accordingly, the trust account assets and the liability for the in-substance defeased COPs are not included in the District's financial statements. The details of the in-substance defeased debt as of June 30, 2016, is as follows:

<u>COPs Issue</u>	<u>Defeased Debt</u>
COPs, Series 2005	\$ 14,425,000
COPs, Series 2006	\$ 42,580,000

Leon County District School Board
Notes to Financial Statements

June 30, 2016

12. CHANGES IN LONG-TERM LIABILITIES

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

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Governmental Activities					
Estimated liability for unpaid claims	\$ 4,480,220	\$ 147,682	\$ (413,053)	\$ 4,214,849	\$ 842,970
Notes Payable	2,240,000	—	(1,120,000)	1,120,000	1,120,000
Lease purchase agreements payable	8,113,870	—	(861,725)	7,252,145	843,961
Bonds Payable	83,663,056	—	(5,883,801)	77,779,255	4,785,000
Certificates of Participation Payable	131,188,260	58,410,000	(67,603,020)	121,995,240	1,312,000
Liability for compensated absences	29,963,956	685,626	(2,029,671)	28,619,911	2,922,082
Other Post-Employment Benefit Payable	15,960,046	2,346,953	(1,745,907)	16,561,092	—
Pension FRS / HIS	82,097,234	34,542,772	—	116,640,006	—
Total Governmental Activities	\$ 357,706,642	\$ 96,133,033	\$ (79,657,177)	\$ 374,182,498	\$ 11,826,013

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

13. FUND BALANCE REPORTING

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

Nonspendable Fund Balance

Nonspendable fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. The District classifies amounts reported as inventories as nonspendable.

Leon County District School Board
Notes to Financial Statements

June 30, 2016

13. FUND BALANCE REPORTING (continued)

Restricted Fund Balance

Restricted fund balance is the portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances other than General Fund, as restricted, as well as unspent State categorical and earmarked educational funding reported in the General Fund, that are legally or otherwise restricted.

Unassigned Fund Balance

The unassigned fund balance is the portion of fund balance that is the residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

14. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major:		
General	\$ 449,511	\$ 1,314,049
Special Revenue	—	591,070
Capital Projects	181,109	—
Non Major Governmental	1,724,010	—
Fiduciary	—	449,511
Total	<u>\$ 2,354,630</u>	<u>\$ 2,354,630</u>

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

15. REVENUE AND EXPENDITURES / EXPENSES

Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2015-2016 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$109,086,002
Class Size Reduction	36,232,704
Community Instruction Inservice	6,287,075
Miscellaneous Revenue	5,180,098
Florida School Recognition	1,824,011
CO & DS Withheld SBE Bonds	1,077,812
PECO Funds	520,065
Voluntary Prekindergarten Program	485,123
CO & DS Distributed	255,754
Charter School Capital Outlay Funds	244,197
Racing Commission Funds	223,250
School Lunch Supplement	87,009
School Breakfast Supplement	79,332
Performance Based Incentive	54,173
State License Tax	51,176
CO & DS Withheld Administration Expense	20,325
Undistributed CO & DS Interest	3,073
SBE Bond Interest	205
Total State Revenue	<u><u>\$161,711,384</u></u>

Leon County District School Board
Notes to Financial Statements

June 30, 2016

15. REVENUE AND EXPENDITURES / EXPENSES (continued)

Property Taxes

The following is a summary of millages and taxes levied on the 2016 tax roll for the 2015-2016 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.949	\$ 74,906,296
Basic Discretionary Local Effort	0.748	11,321,461
Capital Projects Funds:		
Nonvoted Tax:		
Local Capital Improvements	1.500	<u>22,703,464</u>
Total		<u><u>\$ 108,931,221</u></u>

16. INTERFUND TRANSFERS

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfer In</u>	<u>Transfer Out</u>
Major:		
General	\$ 5,013,900	\$ 28,759
Capital Projects:		
Other Capital Projects	–	7,508,950
Non Major Governmental	<u>20,461,436</u>	<u>17,937,627</u>
Total	<u><u>\$ 25,475,336</u></u>	<u><u>\$ 25,475,336</u></u>

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

Leon County District School Board
Notes to Financial Statements

June 30, 2016

17. LITIGATION

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

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

Other Required Supplementary Information

Leon County District School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
Federal direct	\$ 232,000	\$ 237,062	\$ 237,062	\$ -
Federal through state	50,000	56,177	56,177	-
State sources	160,198,031	158,962,012	158,962,013	1
Local sources:				
Property taxes levied for operational purposes	86,352,757	86,459,721	86,459,721	-
Other local revenue	9,267,907	11,972,366	11,972,372	6
Total local sources	95,620,664	98,432,087	98,432,093	6
Total revenues	256,100,695	257,687,338	257,687,345	7
Expenditures				
Current:				
Instruction	167,768,557	163,059,705	150,846,817	12,212,888
Pupil personnel services	9,142,411	10,200,630	9,021,812	1,178,818
Instructional media services	4,112,432	4,049,759	3,836,587	213,172
Instruction and curriculum development services	7,865,175	11,317,418	10,284,658	1,032,760
Instructional staff training services	1,223,014	1,628,159	838,040	790,119
Instruction related technology	3,212,311	3,324,776	2,473,881	850,895
School board	1,440,743	1,465,221	1,005,373	459,848
General administration	1,669,551	1,609,873	1,257,780	352,093
School administration	20,213,475	20,398,733	20,140,565	258,168
Facilities acquisition and construction	2,046,065	1,919,977	1,274,723	645,254
Fiscal services	2,049,057	2,263,299	2,201,648	61,651
Central services	9,400,950	8,234,941	5,950,554	2,284,387
Pupil transportation	12,963,191	13,267,200	12,851,120	416,080
Operation of plant	23,666,012	21,664,122	19,322,426	2,341,696
Maintenance of plant	8,590,438	9,389,911	8,990,286	399,625
Administrative technology services	5,108,917	5,835,086	5,249,819	585,267
Community services	7,805,422	7,438,141	4,921,725	2,516,416
Capital outlay:				
Facilities acquisition and construction	-	-	522,742	(522,742)
Other capital outlay	-	-	17,351	(17,351)
Total expenditures	288,277,721	287,066,951	261,007,907	26,059,044
Excess (deficiency) of revenues over (under) expenditures	(32,177,026)	(29,379,613)	(3,320,562)	(26,059,037)
Other financing sources (uses)				
Transfers in	4,777,744	5,013,900	5,013,900	-
Transfers out	-	(28,759)	(28,759)	-
Total other financing sources (uses)	4,777,744	4,985,141	4,985,141	-
Net change in fund balances	(27,399,282)	(24,394,472)	1,664,579	(26,059,051)
Fund balances - July 1, 2015	32,715,282	32,715,282	32,715,284	2
Fund balances - June 30, 2016	<u>\$ 5,316,000</u>	<u>\$ 8,320,810</u>	<u>\$ 34,379,863</u>	<u>\$ (26,059,049)</u>

See report of independent auditors.

Leon County District School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Other Federal Programs
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues				
Federal direct	\$ 1,783,431	\$ 1,833,238	\$ 1,833,154	\$ (84)
Federal through state and local	33,092,916	33,802,758	19,173,939	(14,628,819)
Total revenues	<u>34,876,347</u>	<u>35,635,996</u>	<u>21,007,093</u>	<u>(14,628,903)</u>
Expenditures				
Current:				
Instruction	18,564,590	19,327,085	9,759,561	9,567,524
Pupil personnel services	2,238,258	1,993,627	831,369	1,162,258
Instructional media services		13,590	9,095	4,495
Instruction and curriculum development services	7,005,649	7,067,303	5,287,785	1,779,518
Instructional staff training services	2,475,274	2,367,412	814,560	1,552,852
Instruction related technology	70,607	71,707	49,613	22,094
School board		6,833	6,403	430
General administration	2,022,220	1,980,567	1,066,067	914,500
School administration	28,069	50,232	34,441	15,791
Facilities acquisition and construction	86,500	191,910	878,123	(686,213)
Fiscal services	121	121	-	121
Central services	127,303	230,461	104,957	125,504
Pupil transportation	175,034	142,688	81,428	61,260
Operation of plant	30,568	93,822	37,610	56,212
Maintenance of plant	11,289	10,789	3,660	7,129
Community services	2,040,865	2,087,849	2,042,421	45,428
Total expenditures	<u>34,876,347</u>	<u>35,635,996</u>	<u>21,007,093</u>	<u>14,628,903</u>
Net change in fund balances				
Fund balances - July 1, 2015	-	-	-	-
Fund balances - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2016

Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2011	\$ -	\$ 27,721,142	\$ 27,721,142	0.00%	\$ 114,207,168	24.27%
10/1/2013	\$ -	\$ 25,234,070	\$ 25,234,070	0.00%	\$ 114,709,308	22.00%
10/1/2015	\$ -	\$ 24,494,807	\$ 24,494,807	0.00%	\$ 119,756,603	20.45%

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2016

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

	Fiscal Year Ending June 30,		
	2015	2014	2013
Proportion of the net pension liability	0.0449757910%	0.463930418%	0.464637005%
Proportionate share of the net pension liability	\$ 58,092,266	\$ 28,306,578	\$ 79,984,708
Covered-employee payroll	\$ 155,974,703	\$ 153,320,119	\$ 163,946,076
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.24%	18.46%	48.79%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	88.54%

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

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2016

Schedule of Contributions -
Florida Retirement System
Last 10 Fiscal Years

	Fiscal Year Ending June 30,		
	2016	2015	2014
Contractually required contributions	\$ 9,651,225	\$ 10,965,480	\$ 10,162,045
Contributions in relation to the contractually required contribution	<u>(9,651,225)</u>	<u>(10,965,480)</u>	<u>(10,162,045)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 155,974,703	\$ 155,392,691	\$ 153,320,119
Contributions as a percentage of covered-employee payroll	6.19%	7.06%	6.63%

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

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2016

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

	Fiscal Year Ending June 30,		
	2015	2014	2013
Proportion of the net pension liability	0.00574085981%	0.575286134%	0.602917578%
Proportionate share of the net pension liability	\$ 58,547,740	\$ 53,790,657	\$ 52,491,902
Covered-employee payroll	\$ 155,974,703	\$ 153,320,119	\$ 163,946,076
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.54%	35.08%	32.02%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	1.78%

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

See report of independent auditors.

Leon County School District

Required Supplementary Information

Year ended June 30, 2016

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

	Fiscal Year Ending June 30,		
	2016	2015	2014
Contractually required contributions	\$ 2,772,392	\$ 2,194,514	\$ 1,970,737
Contributions in relation to the contractually required contribution	<u>(2,772,392)</u>	<u>(2,194,514)</u>	<u>(1,970,737)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 155,974,703	\$ 155,392,691	\$ 153,320,119
Contributions as a percentage of covered-employee payroll	1.78%	1.41%	1.29%

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

See report of independent auditors.

Federal Reports and Schedules

Report of Independent Auditors on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Superintendent of Schools
The Leon County District School Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Leon County District School Board (the District), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2016-001 and 2016-002 to be material weaknesses and Finding 2016-003 to be a significant deficiency.

Compliance and Other Matters

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

We noted certain other matters that we reported to the District's management in a separate letter dated March 29, 2017.

District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

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

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 29, 2017

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

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

Superintendent of Schools
Leon County District School Board Members

Report on Compliance for Each Major Federal Program

We have audited Leon County District School Board's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Audits of States, Local Governments, and Non-Profit Organizations*. 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 year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 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.

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

Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 29, 2017

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

**LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor Number	Amount of Expenditures
<u>United States Department of Agriculture</u>			
Pass-through Florida Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	15002	2,533,993
National School Lunch Program	10.555	15001, 15003	8,499,563
Summer Food Service Program for Children	10.559	15006	219,662
Total Child Nutrition Cluster			<u>11,253,218</u>
Fresh Fruit and Vegetable Program	10.582	15004	<u>133,722</u>
Pass-through Florida Department of Health:			
Child and Adult Care Food Program	10.558	n/a	<u>628,575</u>
Total United States Department of Agriculture			<u>12,015,515</u>
<u>United States Department of Justice</u>			
Pass-through Florida Department of Juvenile Justice:			
Juvenile Justice Delinquency Prevention - Allocation to States	16.540	10245	<u>47,003</u>
<u>United States Department of Education</u>			
Direct Programs:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	n/a	33,347
Federal Pell Grant Program	84.063	n/a	1,799,807
Total Student Financial Assistance Cluster			<u>1,833,154</u>
Total Direct Programs, United States Department of Education			<u>1,833,154</u>
Indirect Programs:			
Pass-through Florida Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	262, 263	6,980,720
Special Education - Preschool Grants	84.173	266, 267	488,204
Total Special Education Cluster			<u>7,468,924</u>
Adult Education - Basic Grants to States	84.002	191,193	308,609
ARRA- State Fiscal Stabilization Fund- Race-to-the-Top Incentive Grants, Recovery Act	84.395	RA111	21,159
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	8,307,434
Career and Technical Education - Basic Grants to States	84.048	161	553,382
Education for Homeless Children and Youth	84.196	127	56,759
Charter Schools	84.282	298	750,803
Twenty-First Century Community Learning Centers	84.287	244	671,088
English Language Acquisition State Grants	84.365	102, 104	102,555
Improving Teacher Quality State Grants	84.367	224	637,814
Total Indirect Programs, United States Department of Education			<u>11,409,603</u>
Total United States Department of Education			<u>20,711,681</u>
<u>Corporation for National and Community Service</u>			
Pass-through Volunteer Florida:			
AmeriCorps	94.006	245027-1	177,880
<u>United States Department of Homeland Security</u>			
Pass-through Florida Department of Education			
Homeland Security Grant Program	97.067	532	91,636

(continued)

LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor Number	Amount of Expenditures
<u>United States Department of Defense</u>			
Direct Programs:			
Air Force Junior Reserve Officers Training Corps	none	n/a	56,420
Navy Junior Reserve Officers Training Corps	none	n/a	60,258
Army Junior Reserve Officers Training Corps	none	n/a	60,594
Marine Corps Junior Reserve Officers Training Corps	none	n/a	59,790
Total United States Department of Defense			<u>237,062</u>
Total Expenditures of Federal Awards			<u>\$ 33,280,777</u>

Notes:

- (1) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Leon County District School Board under programs of the Federal government for the year ended June 30, 2016. 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 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: National School Lunch Program - Includes \$877,385 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Of the federal expenditures presented in the schedule, Leon County District School Board provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Special Education - Grants to States	84.027	\$ 200,578
Improving Teacher Quality State Grants	84.367	20,266
Special Education - Preschool Grants	84.173	97,007
Title I Grants to Local Educational Agencies	84.010	322,891
Charter Schools	84.282	750,803
Twenty-First Century Community Learning Centers	84.287	96,929
		<u>\$ 1,488,474</u>

See report of independent auditors on the financial statements.

**LEON COUNTY DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I -- Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
	United States Department of Education
	Pass through Florida Department of Education
	Special Education Cluster
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$998,423

Auditee qualified as low-risk auditee? No

See report of independent auditors on the financial statements.

Leon County District School Board
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended June 30, 2016

Section II – Financial Statement Findings

MATERIAL WEAKNESS

2016-001 Capital Assets

Criteria: Capital assets, net of accumulated depreciation, were approximately \$400 million and represented approximately 70% of the District's total assets for the fiscal year ended June 30, 2016. To prevent material misstatements in its financial statements, the District should reconcile capital assets reported in its inventory to the financial accounting records. Procedures for recording and reporting construction-in-process (CIP) should be established to ensure the proper classification and capitalization of construction projects and related purchases. The activity recorded as CIP, additions, and disposals of capital assets should be properly recorded and reported in the financial records.

Condition: Construction-in-process (CIP) cost schedules generated by the Construction and Facilities Management Accounting Office, which were used to report construction-in-process in the Annual Financial Report (AFR) for the year ended June 30, 2016, were not reconciled to the financial accounting records and did not agree to the general ledger. During our audit procedures we also noted a project, completed in July 2015, was listed on the CIP schedule which required an audit adjustment to remove it from CIP for the year ended June 30, 2016. We also noted that CIP additions included items that should have been reported as furniture and equipment.

Assets acquired during the FY2015-16 were not added to the District's fixed asset records until after the year ended on June 30, 2016. In addition the assets acquired during FY2014-15 were not added to the District's fixed asset records until FY2015-16, although they were recorded on the General Ledger and annual Financial Statements. Of the fixed asset additions selected for testing during our audit, adequate support of the purchase was not provided. For three of the additions selected for testing, no support (normally consisting of invoices, contracts or cancelled checks) for the amount was provided. Of the five asset disposals selected for testing, four were not listed for removal in the Inventory Certification. No supporting documentation was available for the disposal of a school bus. This same exception was noted in the prior year audit for the disposal of another bus. Land valued at approximately \$1.5 million was donated to the District in a prior year and was not listed in the asset records of the District or reported in its accounting records.

The asset disposals and write-offs for the period May 2013 through June 2016 were approved at the November 22, 2016 Board meeting. In addition, a construction project was approved by the Board that was not based on a proper bidding process as required by the District's policies.

Water quality inspections were only performed for completed new construction projects. These inspections are required upon completion of all construction projects, including additions and renovations on existing buildings.

Leon County District School Board
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended June 30, 2016

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

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

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

The Finance Department should review its procedures over the recording and reporting of CIP. This should include establishing procedures for the review of invoices to determine the proper classification and recording of CIP additions and other fixed asset additions or expenses included in construction invoices. Procedures should be developed to facilitate communication between the construction "accounting office" currently located in the Construction and Facilities Management department and the Finance Department located at the District office. CIP additions should be reconciled on a monthly basis to ensure proper classification and reporting of these amounts. Management of the Finance Department should be directly involved in the management and coordination of reporting and recording assets acquired during the construction process. Involvement of the Finance Department throughout this process will facilitate the information required to:

- Support decisions on the development of capital asset management policies and practices that are supported by both financial and construction and facilities management expertise.
- Provide guidance on the asset classification and useful life determination of asset construction and acquisitions. In addition, asset information, funding sources, debt, revenue, and budget data are all necessary to ensure assets are appropriately reported and managed across their lifecycle.
- Provide access to information needed to ensure that effective asset management decisions are supported by current and relevant data. Management should ensure that information from asset management processes are used in financial models and decision making. Information should be relevant and systems should meet both operational and finance needs of the District.

Leon County District School Board
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended June 30, 2016

As part of its management of capital assets, the District should consider implementing a fleet management system. This will help provide a clear and objective view of asset condition, remaining useful life, cost of maintenance, and other factors to make informed decisions about when to repair, replace or retire the District's buses and other vehicles.

Lastly, the District should review its procedures to ensure compliance with all applicable inspections on new and existing buildings.

Views of responsible officials and planned corrective actions: Construction in Progress (CIP) – The district has been reconciling the schedule of fixed assets for a couple of years after transitioning from accounting for fixed assets using a combination of stand-alone excel spreadsheets and the software program TERMS, to exclusively accounting for fixed assets in the enterprise resource system Skyward. This has been a challenge from two aspects. One has been the exercise from the District side of reconciling assets from old records into the new system. The other aspect has been coping with Skyward fixed asset program debugging issues. We believe we are on the cusp of firmly reconciling fixed assets. We also believe most of the Skyward bugs have been eliminated.

During fiscal year 2015-2016, projects in the Skyward system have been identified that had been completed but were not removed from CIP in the fiscal years completed. We moved several projects from CIP to Buildings dating back to 2009. We moved five projects in 2016. One piece of this reconciliation process was a decision by Finance management to investigate Leon County Property Appraiser records for the possibility of discovering property owned by the District that had not been recorded in the fixed asset records. District staff discovered 21 properties totaling \$1.7 million with acquisition dates recorded back to the year 1900. These properties were entered during the 2016-2017 fiscal year.

The Finance Department has begun a quarterly reconciliation process with the Construction and Facilities Department. A staff member in Construction and Facilities Department is accounting for each project on a spreadsheet with key information needed for accounting in Skyward. The Finance Department will quarterly reconcile Skyward projects with the staff member in Construction and Facilities. The Finance and Construction department have developed a procedure to clearly identify furniture and equipment in the construction process to ensure it is not included in CIP.

Disposal and write-offs from 2013-2016 was part of the clean-up process of the Skyward conversion. The Property Management office will complete disposal and write-offs on a quarterly basis.

Leon County District School Board
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended June 30, 2016

2016-002 CASH MANAGEMENT AND TREASURY

Criteria: The District should reconcile all of its bank accounts, including its investment and project accounts to the financial accounting records on a regular basis. Each bank or investment account should have a unique general ledger account to facilitate the reconciliation process. A list of all bank and investment accounts should be maintained to provide a control over the cash management function and the monthly reconciliation process. Checks should be recorded in the period generated.

Condition: During our audit procedures we noted certain bank and investment accounts utilized by the District for investment purposes were not reconciled to the financial accounting records. In addition, adjustments were posted to a cash account after it was reconciled to the general ledger. This resulted in adjustments to cash in the amount of \$2.6 million posted during the audit to correct the reported cash balance. Voided checks and other reconciling items are being carried forward on the bank reconciliation and adjustments to correct these differences are not being posted. In addition, one general ledger account includes three separate cash and investment accounts. These accounts are not being reconciled on a regular basis. Checks dated in July 2016 were posted in June 2016, which resulted in an adjustment to correct the understatement of cash and accounts payables by approximately \$3.3 million. Finally, the District issued checks, which were processed within the same bank account, to resolve interfund transfers and due to/due from balances in lieu of preparing journal entries.

Effect: When reconciliation procedures are not performed for all cash and investment accounts, the controls over cash and investments may be circumvented. The lack of reconciliations increases the risk of undetected errors and misappropriations. In addition, the changes in fair market value and interest earnings may not be reported in a timely manner. Cash is misstated when proper cutoff procedures have not been followed. Also, generating checks to facilitate transfers between funds that involve the same bank is not an efficient procedure and may result in unreconciled cutoff differences.

Cause: The District has not implemented appropriate controls to ensure proper management and reporting of its cash and investment accounts.

Recommendation: We recommend that the District improve its controls over cash and investments by developing a list of all cash accounts and assigning preparation and review responsibilities for each account. The list of cash and investment accounts should be updated for any changes in the District's banking arrangements, especially for new accounts required under new debt covenants. Each bank or investment account should have its own unique general ledger account. Reconciliations should be performed on a regular basis for all cash and investment accounts. Reconciliations should be reviewed to ensure that all reconciling items have been identified and properly resolved on a regular basis. The District should review its year-end procedures to determine proper cutoff of checks, so that transactions are recorded in the proper period and

Leon County District School Board
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended June 30, 2016

accurately reflected in the District's financial reports. In addition, the District should review its procedures for transfers between funds that involve the same bank. These transfers should be performed using journal entries and not by the presentation of a check. Lastly, we recommend that a comprehensive review of the District's Cash Management and Treasury function be performed by an investment advisor that is independent of the District. This review should determine each account's purpose and ensure that the accounts continue to meet the District's need to balance liquidity and risk, along with maximizing the earnings on idle funds.

Views of responsible officials and planned corrective actions:

➤ **Certain bank and investment accounts were not reconciled to the financial records.**

The reconciliation process has been enhanced. All cash accounts are now reconciled to the financial records. As verification of this process Finance will print the proof of reconciliation, along with a copy of the corresponding bank statement.

➤ **Adjustments were posted to cash account after it was reconciled to the General Ledger**

This process has been addressed by the Budget Director and the Financial Services Director. Moving forward, all end of the year entries will be reviewed prior to closing out the fiscal year to ensure this does not happen again.

➤ **Voided Checks and other reconciling items are being carried forward**

This is currently being corrected. Items will be monitored and corrected prior to closing out.

➤ **One General Ledger account includes three separate cash and investment accounts, these accounts are not reconciled on a regular basis**

This has been corrected. These accounts are currently reconciled on a regular basis (please see the first bullet above). A list of all bank and investments accounts has been established and is maintained in a notebook in the Budget Director's office. An additional copy will be maintained by the Senior Accountant who works with the District accounts.

➤ **Checks dated July 2016 were posted to June 2016**

This process is being reviewed and processes are being put in place to correct this in future postings. The Budget Director will closely monitor the employee responsible for that particular posting to ensure the entry is made to the proper account to record the liability.

➤ **District issued checks, which were processed through the same bank account, to resolve interfund transfers and due to/due from balances in lieu of preparing journal entries**

We will use journal entries due to/due from balances for fiscal year ending June 30, 2017.

Leon County District School Board
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended June 30, 2016

SIGNIFICANT DEFICIENCY

2016-003 FINANCIAL REPORTING

Criteria: The District's Annual Financial Report (AFR) continues to require significant adjustments and revisions in order for the AFR to be accurately submitted to the Florida Department of Education.

Condition: During our audit procedures, schedules generated by departments outside of the Finance Department were not reviewed or reconciled before being reported in the AFR. Internal controls over journal entries were not operating effectively, therefore, journal entries were recorded to accounts that had been reconciled and recorded on the AFR without being detected. The schedule of payroll payables did not agree to the general ledger, which required adjusting journal entries to be posted during the audit process. Accounts receivables were not evaluated for proper cutoff and the accounts receivable detail listings were not reviewed to ensure consistent and accurate reporting. Receivables were estimated at year end and not adjusted when actual amounts were known. In addition, the compensated absences liability was not calculated, which also required adjustment.

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

Cause: Lack of adequate procedures and supervision over the preparation process of the Annual Financial Report. Information provided by other departments, such as Construction and Facilities Management and Payroll, is not reviewed or reconciled to the accounting records.

Recommendation: The Finance Department should review its procedures over the financial reporting process. Reliable accounting and financial reporting information provides the basis for management's decisions over operations, evaluation of performance, the budgetary process, and strategic and long-range planning. We recommend that the Finance Department:

- Review its structure to maximize the communication between all departments that provide information in the financial reporting process and clearly define and communicate information requirements and deadlines,
- Reconcile subsidiary records on a regular basis and resolve any differences in a timely manner,
- Minimize the use of Excel spreadsheets as supporting documentation for account balances and utilize the District's accounting software to its fullest potential,
- Utilize the District's accounting software in the preparation of the AFR and minimize the manual calculation of inputs, and

Leon County District School Board
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended June 30, 2016

- Enhance its review process for the AFR to ensure that the document is complete and accurate prior to submission to the FDOE.

Views of responsible officials and planned corrective actions: Processes are being established to monitor end of the year payables to ensure they will be posted correctly. The Budget Director will closely monitor the employee responsible for that particular posting to ensure the entry is made to the proper account to record the liability. The Budget Department will be moving staff with accounting backgrounds into positions for posting payrolls and recording receivables during fiscal year 2017-2018 who should have the knowledge base to identify proper accounting entry into Skyward. These moves will also allow the Accounting and Budget Director to delegate more day-to-day tasks and spend more time on quality control.

The Finance Department will establish deadlines for district departments to turn in key components for financial reporting that have been allowed to have more latitude for deadlines in past years. The goal is to complete the AFR sooner than in past years to allow more time to verify accounts.

The Finance Department has begun a quarterly reconciliation process with the Construction and Facilities Department. A staff member in Construction and Facilities Department is accounting for each project on a spreadsheet with key information needed for accounting in Skyward. The Finance Department will quarterly reconcile Skyward projects with the staff member in Construction and Facilities. The Finance and Construction department have developed a procedure to clearly identify furniture and equipment in the construction process to ensure it is not included in CIP.

**LEON COUNTY DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

Prior Year's Finding and Recommendation

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

Finding 2015-004: Noncompliance with Allowable Costs/Cost Principles- Compensation of Personnel Services

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

The questioned costs of \$72,321 represent the total salary and benefits expense for the employee charged to the grant for the year ended June 30, 2015. After audit testing performed, it was noted that the semi-annual certifications for the fiscal year could not be located for an employee funded 100% by the grant.

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

FY 2016 Status: Semi-annual certifications are not required under the Uniform Guidance. Corrective action has been implemented.

Other Reports

Management Letter

Board Chair and Members of the
Leon County District School Board, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Leon County District School Board (the District) as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated March 29, 2017.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report in accordance with Chapter 10.800, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 29, 2017, should be considered in conjunction with this management letter.

Current Year June 30, 2016 Recommendations

2016-004 Audit Committee and Internal Audit Department

The Audit Committee and Internal Audit function are an integral part of the system of internal control of the District. Regular monitoring of the District's system of internal controls provides vital information to the Superintendent and the School Board. The Internal Auditing Department's annual work plan should cover high risk areas and rotate through various audit areas of the District on a regular basis in order to monitor the system of internal controls, provide assurance that it is operating as expected, and to make recommendations for improvement. Currently, Internal Audit's work plan focuses largely on the District's internal accounts. Due to limited staffing, the Internal Audit Department is unable to perform audits of the District's high risk areas, such as capital assets and construction and facilities management, as well as operational and compliance reviews. We recommend that the annual work plan be expanded to include areas of high risk to broaden the overall audit coverage of the District, along with ensuring that an adequate system of internal control and reporting has been implemented and effectively maintained.

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

Finally, we recommend that consideration be given to the staffing and training levels to ensure that the Internal Audit Department has adequate staffing with the requisite levels of education, training and experience required to provide the monitoring and reporting of the District's system of internal controls. The limited staffing in the Internal Audit Department does not allow for an effective internal audit function.

Management Response: Office of Internal Auditing staff conducts an annual risk assessment to identify projects that should be included in the Annual Work Plan. As a part of the risk assessment process, a draft work plan is provided to the Audit committee for discussion and approval, with final approval by the School Board. In the future, the risk assessment process will be further formalized and additional documentation will be maintained to support each step of the process.

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

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

2016-005 Succession Planning for Anticipated Changes in District Personnel

During the past several years, the District has experienced changes in key positions due to the retirement or resignation of certain employees. Currently, the District has over 300 employees participating in DROP, including several key management positions such as the Chief Financial Officer and the Director of Risk Management. Internal controls and knowledge of the District's various operations could be significantly impacted by the impending retirement of these employees. Critical operational and accounting functions may not be performed as a result of the retirement or resignation of a long-term employee. When significant changes in personnel are anticipated, it is important that proper planning and training are in place to ensure the responsibilities and duties are adequately transitioned. We recommend that the District evaluate its succession planning for these anticipated changes in key District positions to ensure that all job duties and responsibilities are adequately transferred, that all new personnel have the required level of education and experience, and that sufficient time is available for proper training.

Management Response: The District will continue succession planning efforts for key vacancies. The succession plans will give consideration to appropriate transition of job duties and responsibilities, experience requirements and training needs for each vacancy to help ensure a successful transition.

2016-006 Debt Compliance

The Series 2010 Qualified Zone Academy Bonds (QZAB's) issued in 2010 requires a private 10% matching in the amount of \$3,635,700. The QZAB provides a tax-exempt source of funding for the District and requires compliance with various rules and regulations to maintain its tax-exempt status. During 2015, the Internal Revenue Services (IRS) audited Series 2010 QZAB and issued a letter of no findings at the conclusion of its audit. In order to continue to comply with the requirements of the QZAB funding, we recommend that the District review its procedures and documentation of all debt covenants and matching requirements.

Management Response: The District has implemented a procedure for tracking the receipt of matching contributions. The procedure includes the development and utilization of a QZAB Tracking System that can be used to identify and track any contributions received. Further, quarterly reminders of contributions and remaining commitments are provided to all partners.

2016-007 Purchase Card Procedures and Transactions

During single audit testing, it was noted that a scanned Hotel Reservation Credit Card Authorization Form containing full credit card information from a District purchasing card (p-card) was included among travel documentation linked in Skyward to an approved invoice. The Form displayed the full credit card account number, expiration date, CVP security code, and cardholder name. According to the Director of Purchasing, the form is used by Purchasing to set up a travel profile in Works, the Bank of America card system, and for non-cardholder travelers to provide to hotels in lieu of a card upon arrival. Additionally, the District's practice was to store the physical copies of the Form in a locked file cabinet. It should not have been necessary to include a scanned copy in Skyward. Including full p-card account information within documents loaded into Skyward increases the risk that the information could be compromised and used to attempt unauthorized purchases. The bank could refuse to credit unauthorized charges resulting from District breaches of its own card information, should they occur.

To test the controls surrounding the purchase card process, a sample of fifty (50) purchase card (p-card) transactions was selected for testing during the audit of the 2015-16 fiscal year. Several exceptions were noted, such as credit limits authorized on the p-card issuance form did not agree with credit limits reported on the Bank of America statement. In addition, there was no authorized approval on several p-card expense summary sheets as required by District policy.

Adherence to policies and procedures will minimize the likelihood of errors and irregularities in the p-card purchasing system. We recommend that the District review its p-card policies and procedures with p-card users to ensure compliance with established policies and procedures over purchase cards. In addition, we recommend that District personnel responsible for the review and approval of p-card transactions ensure that approval policies and procedures are followed and that a periodic review of p-card issuance and limits be established. We recommend that the District reevaluate the necessity of including all card information on the Authorization Form and, where practicable, include only non-sensitive information on the form. As long as the current form is still used, the District should take steps to ensure that the Form is not scanned and linked to Skyward. Example measures could include reminders for travelers regarding documentation requirements and expanding the review of travel documentation to include detection of unneeded documents within scanned document packets.

Management Response: The Hotel Reservation Credit Card Authorization form is not intended to be included with any travel reimbursement documentation that is scanned into Skyward. While this was likely an isolated instance, moving forward we will ensure that document is not included in Skyward files.

P-card Program Policy allows administrators to request adjustments to the single transaction limits of individual cardholders at their site. At the sole discretion of the p-card Program Administrator, temporary limit increases are made to facilitate the requested purchases. Documentation is maintained by the p-card Program Administrator of the requests for increases.

The p-card Program Auditor is tasked with ensuring that all appropriate approval signatures are received. Principals currently are not required to have an additional authorized approval signature as they are the authorized approver for their site.

2016-008 Cash Disbursement Transactions

To test the controls surrounding the cash disbursements cycle, a sample of twenty-five (25) disbursements was selected. Instances were noted where products were accepted and invoiced without a purchase order. The purchase order was created after the issuance of the invoice, which is not in accordance with District policy.

We recommend that the current policies and procedures established by the District's Purchasing Department be reiterated with employees and related to Cost Centers as to the preparation, coding, and approval process.

Management Response: District staff and school bookkeepers are constantly reminded this exception fails to serve the purpose of budgetary control, and it does not comply with School Board Policy. This exception is discussed in Bookkeeper Training Sessions held throughout the year.

2016-009 Internal Accounts – Disbursements

A sample of 15 schools was selected. From each school, 25 disbursements were tested. Our testing identified the following findings:

Sealey Elementary School

- 2 disbursements were missing approvals prior to purchases being made.
- 8 disbursements were missing purchase orders.
- 6 disbursements were missing fee or donation letters.

Swift Creek Middle School

- 3 disbursements were missing fee or donation letters.
- 2 disbursements were for teacher reimbursements when purchase cards should have been used. These disbursements also had no evidence of prior approvals.

Gretchen Everhart School

- 8 disbursements were missing purchase orders.
- 1 disbursement was missing all supporting documentation except the check requisition which was found in Skyward.

Roberts Elementary School

- 2 disbursements were for teacher reimbursements when purchase cards should have been used.

Gilchrist Elementary School

- 1 disbursement was for a gift card purchase and a gift card log was not maintained.

Leon High School

- 1 disbursement exceeded the purchase order amount and the overage was not approved by the Principal.

Lincoln High School

- 4 disbursements were missing approvals prior to purchases being made.
- 8 disbursements were missing fee or donation letters.

Deerlake Middle School

- 1 disbursement was missing a check requisition.
- 1 disbursement had a purchase order dated subsequent to the invoice date.
- 1 disbursement the check cleared the bank with only one authorized signature.
- 4 disbursements were missing fee letters.

Chiles High School

- 4 disbursements were refunds due to students for the 14-15 school year for science fees that were not issued until March 29, 2016.

Adult and Community Education

- 1 disbursement's check cleared the bank with only one authorized signature.
- 2 disbursements were manual checks written in lieu of utilizing purchasing cards. Blank checks were delivered to individuals to purchase items at a grocery store and a membership only warehouse club.

Godby High School

- 1 disbursement was coded to the incorrect account.

Canopy Oaks Elementary School

- No findings in the sample tested.

WT Moore Elementary School

- 1 disbursement for gift cards, but logs to acknowledge receipt of the gift cards were not completed.

Riley Elementary School

- A digital image of a check that cleared the bank was not returned with the monthly bank statement and was not requested by the school until the auditor noted it was missing.

Lively Technical Center

- 1 disbursement contained only a quote as supporting documentation.
- 1 disbursement was coded to the incorrect account.

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

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

Management response: All noted exceptions are discussed in Bookkeeper Training Sessions held during the year. The district Project Manager who works with the school sites, reminds Principals and Bookkeepers of the procedures. Continuous reinforcement of the proper procedures will remain a top priority.

2016-010 Internal Accounts – Receipts

A sample of 15 schools was selected. From each school, 25 receipts were tested. Our testing identified the following findings:

Sealey Elementary School

- 12 receipts were missing issued teacher receipts when the amount collected exceeded \$5.
- 6 receipts were missing fee or donation letters.

Swift Creek Middle School

- 3 receipts were missing issued teacher receipts when the amount collected exceeded \$5.
- 8 receipts were missing fee or donation letters.

Gretchen Everhart School

- 1 receipt was missing issued teacher receipts when the amount collected exceeded \$5.

Roberts Elementary School

- No findings in the sample tested.

Gilchrist Elementary School

- 1 deposit was not made within 3 days of collection.

Leon High School

- No findings in the sample tested.

Lincoln High School

- 1 deposit was not made within 3 days of collection.
- 24 receipts were missing issued teacher receipts when the amount collected exceeded \$5.
- 1 receipt was missing a fee or donation letter.

Deerlake Middle School

- No findings in the sample tested.

Chiles High School

- 2 deposits were not made within 3 days of collection.

Adult and Community Education

- 5 deposits were not made within 3 days of collection.

Godby High School

- No findings in the sample tested.

Canopy Oaks Elementary School

- 1 deposit was not made within 3 days of collection.

WT Moore Elementary School

- No findings in the sample tested.

Riley Elementary School

- 3 deposits were not made within 3 days of collection.

Lively Technical Center

- 1 deposit was not made within 3 days of collection.
- Several instances of receipts for tuition fees not being allocated to the correct fee accounts.

At many of the schools, fee letters were not available to support the amounts requested from students. We also noted many instances where student receipts were not written or could not be located for collections over \$5.00. In addition, we noted instances where monies collected, based on copies of student receipts, were not remitted to the bookkeeper on the same day.

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

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

We also recommend that fees letters be maintained to support the amounts requested from students and that receipts are written for amounts over \$5.00 in accordance with District policies and procedures. It is also important that receipt books are retained as support for all cash receipts.

Management response: All noted exceptions are discussed in Bookkeeper Training Sessions held during the year. The district Project Manager who works with the school sites, reminds Principals and Bookkeepers of the procedures. Continuous reinforcement of the proper procedures will remain a top priority.

2016-011 Internal Accounts – Internal Controls

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

1. Several schools did not complete the year end bank reconciliation within 15 days of the following month.
2. At one school, the chart of accounts does not contain separate accounts for fee related activity in order to appropriately track the funds.

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

Management response: All noted exceptions are discussed in Bookkeeper Training Sessions held during the year. The district Project Manager who works with the school sites, reminds Principals and Bookkeepers of the procedures. Continuous reinforcement of the proper procedures will remain a top priority.

Prior Audit Findings

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

Prior Year Findings and Recommendations

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

Tabulation of Uncorrected Audit Findings				
* Current Year Finding #	* 2014-15 FY Finding #	** 2013-14 FY Finding #	* 2012-13 FY Finding #	* 2011-12 FY Finding #
2016-001	2015-001	3	-	-
2016-002	2015-003	-	-	-
2016-003	2015-002	1	13-01	12-06
2016-004	2015-005	-	-	-
2015-007	2015-006	-	-	-
2015-009	2015-007	14-01	13-08	-
2015-010	2015-008	14-02	13-09	-
2015-011	2015-009	14-04	-	-

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

** Florida Auditor General

Financial Condition

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

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

Transparency

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

Other Matters

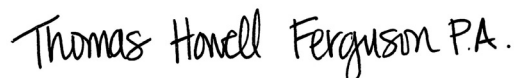
10.804(1)(f)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the matters discussed in the Current Year June 30, 2016 Recommendations section of this letter and the Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance dated March 29, 2017.

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

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

Purpose of this Letter

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



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 29, 2017



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

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

WAKULLA COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2017



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2016-17 fiscal year, Robert Pearce served as Superintendent of the Wakulla County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Verna Brock	1
Melisa Taylor, Vice Chair from 11-22-16	2
Becky Cook, Chair from 11-22-16, Vice Chair through 11-21-16	3
Greg Thomas, Chair through 11-21-16	4
JoAnn Daniels	5

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

The team leader was Stacy P. Boyd and the audit was supervised by Edward A. Waller, CPA.

Please address inquiries regarding this report to Micah E. Rodgers, CPA, Audit Manager, by e-mail at micahrodgers@aud.state.fl.us or by telephone at (850) 412-2905.

This report and other reports prepared by the Auditor General are available at:

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State of Florida Auditor General

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WAKULLA COUNTY DISTRICT SCHOOL BOARD
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WAKULLA COUNTY DISTRICT SCHOOL BOARD
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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster was audited as a major Federal program. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on the Child Nutrition Cluster.

AUDIT OBJECTIVES AND SCOPE

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

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on the District's major Federal program; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal program.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards, as of and for the fiscal year ended June 30, 2017. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

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



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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Wakulla 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 71 percent of the assets and 99 percent of the liabilities of the aggregate remaining fund information. In addition, we did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit's columns. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the school internal funds and the discretely presented component unit, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain

reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the school internal funds were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Wakulla 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**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Funding Progress – Other Postemployment Benefits Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, 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 accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 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 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,



Sherrill F. Norman, CPA
Tallahassee, Florida
October 25, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- The District's total net position decreased by \$401,486.32, which represents a 0.6 percent decrease from the 2015-16 fiscal year.
- General Fund revenues exceeded expenditures by \$701,415.11. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$784,999.61.
- The unassigned and assigned fund balances for the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled \$4,306,768.37, or 11.5 percent of General Fund expenditures totaling \$37,469,608.78. This represents a 33.7 percent increase from the previous year's unassigned and assigned fund balances of \$3,220,015.84.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

- Business-type activities – As the fiscal agent of the Small School District Council Consortium, the District charges fees to cover the cost of certain services it provides.
- Component unit – The District presents Wakulla's Charter School of Arts, Science and Technology, Inc. as a separate legal entity in this report. Although the school is a legally separate organization, it is considered a component unit for financial reporting purposes and is included in this report because the school meets the criteria for inclusion provided by generally accepted accounting principles. Financial information for this component unit is reported separately from the financial information presented for 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 entitywide perspective contained in the government-wide statements. All of the District's funds may be classified within one of the broad categories discussed below.

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

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

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

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

Proprietary Funds: Proprietary funds may be established to account for activities in which a fee is charged for services. Enterprise funds are used to report the same functions as business-type activities

in the government-wide financial statements. The District uses an enterprise fund to account for the activities of the Small School District Council Consortium, for which the District is fiscal agent.

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. The following is a summary of the District's net position as of June 30, 2017, compared to net position as of June 30, 2016:

Net Position, End of Year

	Governmental Activities		Business-Type Activities		Total	
	6-30-17	6-30-16	6-30-17	6-30-16	6-30-17	6-30-16
Current and Other Assets	\$ 7,542,115.47	\$ 6,227,956.02	\$ 18,370.02	\$ 21,503.05	\$ 7,560,485.49	\$ 6,249,459.07
Capital Assets	79,144,354.34	79,680,359.59	-	-	79,144,354.34	79,680,359.59
Total Assets	86,686,469.81	85,908,315.61	18,370.02	21,503.05	86,704,839.83	85,929,818.66
Deferred Outflows of Resources	9,784,971.00	4,672,915.00	-	-	9,784,971.00	4,672,915.00
Long-Term Liabilities	29,856,381.86	22,359,599.93	-	-	29,856,381.86	22,359,599.93
Other Liabilities	526,452.88	457,881.02	283.20	950.50	526,736.08	458,831.52
Total Liabilities	30,382,834.74	22,817,480.95	283.20	950.50	30,383,117.94	22,818,431.45
Deferred Inflows of Resources	1,014,899.00	2,291,022.00	-	-	1,014,899.00	2,291,022.00
Net Position:						
Net Investment in Capital Assets	78,772,456.54	78,993,834.09	-	-	78,772,456.54	78,993,834.09
Restricted	1,414,063.98	1,030,927.09	-	-	1,414,063.98	1,030,927.09
Unrestricted (Deficit)	(15,112,813.45)	(14,552,033.52)	18,086.82	20,552.55	(15,094,726.63)	(14,531,480.97)
Total Net Position	\$ 65,073,707.07	\$ 65,472,727.66	\$ 18,086.82	\$ 20,552.55	\$ 65,091,793.89	\$ 65,493,280.21

The largest portion of the District's net position is investment in capital assets (e.g., land; buildings; furniture, fixtures, and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

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

As of June 30, 2017, the unrestricted portion of the District's net position remains negative due to the recognized pension liability.

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:

Operating Results for the Fiscal Year Ended

	Governmental Activities		Business-Type Activities		Total	
	6-30-17	6-30-16	6-30-17	6-30-16	6-30-17	6-30-16
Program Revenues:						
Charges for Services	\$ 402,365.85	\$ 355,140.44	\$ 105,450.00	\$ 105,450.00	\$ 507,815.85	\$ 460,590.44
Operating Grants and Contributions	3,845,233.08	3,558,457.46	-	-	3,845,233.08	3,558,457.46
Capital Grants and Contributions	203,265.74	191,704.69	-	-	203,265.74	191,704.69
General Revenues:						
Property Taxes, Levied for Operational Purposes	6,890,100.35	7,318,321.92	-	-	6,890,100.35	7,318,321.92
Property Taxes, Levied for Debt Service	-	27.69	-	-	-	27.69
Property Taxes, Levied for Capital Projects	1,762,010.54	1,722,026.50	-	-	1,762,010.54	1,722,026.50
Grants and Contributions Not Restricted to Specific Programs	31,876,152.67	31,180,294.40	-	-	31,876,152.67	31,180,294.40
Unrestricted Investment Earnings	68,345.39	37,453.60	-	-	68,345.39	37,453.60
Miscellaneous	283,820.19	553,922.95	1,000.00	-	284,820.19	553,922.95
Total Revenues	45,331,293.81	44,917,349.65	106,450.00	105,450.00	45,437,743.81	45,022,799.65
Functions/Program Expenses:						
Instruction	23,375,767.90	23,176,795.67	-	-	23,375,767.90	23,176,795.67
Student Support Services	2,673,854.00	2,437,139.70	-	-	2,673,854.00	2,437,139.70
Instructional Media Services	490,428.54	501,428.34	-	-	490,428.54	501,428.34
Instruction and Curriculum Development Services	651,963.69	715,613.92	-	-	651,963.69	715,613.92
Instructional Staff Training Services	466,331.34	509,544.06	-	-	466,331.34	509,544.06
Instruction-Related Technology	304,580.83	275,891.35	-	-	304,580.83	275,891.35
Board	621,648.72	644,825.80	-	-	621,648.72	644,825.80
General Administration	522,729.19	509,582.98	-	-	522,729.19	509,582.98
School Administration	2,679,718.08	2,586,550.48	-	-	2,679,718.08	2,586,550.48
Facilities Acquisition and Construction	467,390.30	572,507.74	-	-	467,390.30	572,507.74
Fiscal Services	438,036.97	410,532.47	-	-	438,036.97	410,532.47
Food Services	2,138,156.98	2,250,491.71	-	-	2,138,156.98	2,250,491.71
Central Services	769,565.10	850,537.43	-	-	769,565.10	850,537.43
Student Transportation Services	3,003,745.20	3,001,474.54	-	-	3,003,745.20	3,001,474.54
Operation of Plant	3,914,599.03	4,268,662.30	-	-	3,914,599.03	4,268,662.30
Maintenance of Plant	1,041,393.94	1,002,897.59	-	-	1,041,393.94	1,002,897.59
Administrative Technology Services	134,940.81	145,697.33	-	-	134,940.81	145,697.33
Community Services	12,981.90	6,510.91	-	-	12,981.90	6,510.91
Unallocated Interest on Long-Term Debt	11,779.71	28,283.30	-	-	11,779.71	28,283.30
Unallocated Depreciation Expense	2,010,702.17	2,058,028.55	-	-	2,010,702.17	2,058,028.55
Small School District Council Consortium	-	-	108,915.73	108,538.91	108,915.73	108,538.91
Total Functions/Program Expenses	45,730,314.40	45,952,996.17	108,915.73	108,538.91	45,839,230.13	46,061,535.08
Change in Net Position	(399,020.59)	(1,035,646.52)	(2,465.73)	(3,088.91)	(401,486.32)	(1,038,735.43)
Net Position - Beginning	65,472,727.66	66,508,374.18	20,552.55	23,641.46	65,493,280.21	66,532,015.64
Net Position - Ending	\$ 65,073,707.07	\$ 65,472,727.66	\$ 18,086.82	\$ 20,552.55	\$ 65,091,793.89	\$ 65,493,280.21

The largest revenue source is the State of Florida (69 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data, and is designed to maintain equity in funding across all Florida school districts, taking into consideration the District's funding ability based on the local property tax base. Compared to the previous fiscal year, the base student allocation multiplied by the District cost differential decreased by 0.2 percent from \$3,966.67 per full-time equivalent student to

\$3,957.25 per full-time equivalent student. Overall State revenues totaled \$31,272,483.94, an increase of \$1,359,311.84.

Property tax revenues decreased by \$388,265.22, or 4.3 percent, primarily due to a reduction in the required local effort millage.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The General Fund is the District's chief operating fund. For the current fiscal year, 84.2 percent of revenues and 85 percent of expenditures of the governmental funds were accounted for in the General Fund. During the fiscal year, the total fund balance increased by \$1,482,121.85 to \$5,274,729.35. The unassigned and assigned fund balances of the General Fund are an important indicator of the District's financial condition. Through fiscal prudence, the District attempts to maintain an unassigned plus assigned fund balance of at least 5 percent of General Fund revenues for any given fiscal year. At the end of the current fiscal year, unassigned plus assigned fund balance is \$4,306,768.37, or 11.3 percent of General Fund revenues totaling \$38,171,023.89. The unassigned plus assigned fund balance increased \$1,086,752.53 from the unassigned plus assigned fund balance of \$3,220,015.84 in the previous fiscal year.

The Special Revenue – Food Service Fund has a total fund balance of \$291,951.13. Of the total fund balance, \$90,996.16 represents nonspendable inventories. The remaining fund balance is considered restricted to solely support the food service operations of the District. During the fiscal year, total fund balance increased \$147,447.14, primarily due to the District entering into a food service management company contract which significantly decreased personnel costs.

The Special Revenue – Other Fund is used to account for certain Federal grant program activities, including revenues and expenditures totaling \$2,460,078.11 each. Because grant revenues attributed to grants accounted for in this fund are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Other Fund has a total fund balance of \$1,186,921.07. The fund balance for this fund is assigned for the acquisition, construction, and maintenance of capital assets. Of the total fund balance, \$156,604 has been encumbered for the Shadeville Elementary and Wakulla High door hardware and replacement project.

Proprietary Fund

The only proprietary fund for the District is the Small School District Council Consortium Enterprise Fund, which reported unrestricted net position of \$18,086.82. This balance represents a 12 percent decrease from the previous year primarily because of the increased costs for the consulting firm utilized by the Consortium.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2016-17 fiscal year, the District amended its General Fund budget several times, which resulted in an increase in total budgeted revenues amounting to \$751,104.80, and an increase in final appropriations of \$126,577.16 from the original budgeted amounts.

Actual revenues are \$84,471.91, or 0.2 percent less than the final budgeted amounts and actual expenditures are \$1,865,241.40, or 5 percent, less than final budget amounts. The decrease in expenditures was mainly because instruction expenditures were less than planned. The actual ending fund balance exceeded the estimated fund balance contained in the final amended budget by \$1,767,604.23.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2017, totaled \$79,144,354.34 (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software.

Additional information on the District's capital assets can be found in Notes I.F.4., II.C., and II.F. to the financial statements.

Long-Term Debt

At June 30, 2017, the District has total long-term debt outstanding of \$371,897.80, composed of \$158,000 of bonds payable and \$213,897.80 of installment-purchases payable. During the current fiscal year, retirement of debt was \$314,627.70.

Additional information on the District's long-term debt can be found in Notes I.F.6., II.H., and II.I. to the financial statements.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Wakulla County District School Board, 69 Arran Road, Crawfordville, Florida 32327.

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BASIC FINANCIAL STATEMENTS

Wakulla County District School Board Statement of Net Position June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 6,972,958.43	\$ 18,370.02	\$ 6,991,328.45	\$ 240,611.00
Investments	3,817.34	-	3,817.34	25,071.00
Accounts Receivable	30,108.17	-	30,108.17	30,334.00
Due from Other Agencies	332,696.71	-	332,696.71	17,399.00
Prepaid Items	-	-	-	5,644.00
Inventories	202,534.82	-	202,534.82	-
Capital Assets:				
Nondepreciable Capital Assets	3,538,420.93	-	3,538,420.93	-
Depreciable Capital Assets, Net	75,605,933.41	-	75,605,933.41	679,998.00
TOTAL ASSETS	86,686,469.81	18,370.02	86,704,839.83	999,057.00
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	9,784,971.00	-	9,784,971.00	-
LIABILITIES				
Accrued Salaries and Benefits	20,787.71	-	20,787.71	-
Payroll Deductions and Withholdings	51,665.12	-	51,665.12	-
Accounts Payable	446,553.22	283.20	446,836.42	10,732.00
Accrued Interest Payable	7,446.83	-	7,446.83	-
Long-Term Liabilities:				
Portion Due Within One Year	985,977.97	-	985,977.97	24,685.00
Portion Due After One Year	28,870,403.89	-	28,870,403.89	126,271.00
TOTAL LIABILITIES	30,382,834.74	283.20	30,383,117.94	161,688.00
DEFERRED INFLOWS OF RESOURCES				
Pensions	1,014,899.00	-	1,014,899.00	-
NET POSITION				
Net Investment in Capital Assets	78,772,456.54	-	78,772,456.54	529,042.00
Restricted for:				
State Required Carryover Programs	856,422.32	-	856,422.32	-
Capital Projects	265,690.53	-	265,690.53	37,882.00
Food Service	291,951.13	-	291,951.13	4,062.00
Unrestricted	(15,112,813.45)	18,086.82	(15,094,726.63)	266,383.00
TOTAL NET POSITION	\$ 65,073,707.07	\$ 18,086.82	\$ 65,091,793.89	\$ 837,369.00

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

**Wakulla 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	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Instruction	\$ 23,375,767.90	\$ 36,628.00	\$ -	\$ -
Student Support Services	2,673,854.00	-	-	-
Instructional Media Services	490,428.54	-	-	-
Instruction and Curriculum Development Services	651,963.69	-	-	-
Instructional Staff Training Services	466,331.34	-	-	-
Instruction-Related Technology	304,580.83	-	-	-
Board	621,648.72	-	-	-
General Administration	522,729.19	-	-	-
School Administration	2,679,718.08	-	-	-
Facilities Acquisition and Construction	467,390.30	-	-	88,067.59
Fiscal Services	438,036.97	-	-	-
Food Services	2,138,156.98	365,737.85	1,855,358.08	-
Central Services	769,565.10	-	-	-
Student Transportation Services	3,003,745.20	-	1,760,988.00	-
Operation of Plant	3,914,599.03	-	-	-
Maintenance of Plant	1,041,393.94	-	228,887.00	-
Administrative Technology Services	134,940.81	-	-	-
Community Services	12,981.90	-	-	-
Unallocated Interest on Long-Term Debt	11,779.71	-	-	115,198.15
Unallocated Depreciation Expense*	2,010,702.17	-	-	-
Total Governmental Activities	45,730,314.40	402,365.85	3,845,233.08	203,265.74
Business-Type Activities:				
Small School District School Consortium	108,915.73	105,450.00	-	-
Total Primary Government	\$ 45,839,230.13	\$ 507,815.85	\$ 3,845,233.08	\$ 203,265.74
Component Unit				
Wakulla's Charter School of Arts, Science and Technology, Inc.	\$ 1,277,266.00	\$ 1,258.00	\$ 431,444.00	\$ 46,215.00

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

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

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (23,339,139.90)	\$ -	\$ (23,339,139.90)	\$ -
(2,673,854.00)	-	(2,673,854.00)	-
(490,428.54)	-	(490,428.54)	-
(651,963.69)	-	(651,963.69)	-
(466,331.34)	-	(466,331.34)	-
(304,580.83)	-	(304,580.83)	-
(621,648.72)	-	(621,648.72)	-
(522,729.19)	-	(522,729.19)	-
(2,679,718.08)	-	(2,679,718.08)	-
(379,322.71)	-	(379,322.71)	-
(438,036.97)	-	(438,036.97)	-
82,938.95	-	82,938.95	-
(769,565.10)	-	(769,565.10)	-
(1,242,757.20)	-	(1,242,757.20)	-
(3,914,599.03)	-	(3,914,599.03)	-
(812,506.94)	-	(812,506.94)	-
(134,940.81)	-	(134,940.81)	-
(12,981.90)	-	(12,981.90)	-
103,418.44	-	103,418.44	-
(2,010,702.17)	-	(2,010,702.17)	-
(41,279,449.73)	-	(41,279,449.73)	-
-	(3,465.73)	(3,465.73)	-
(41,279,449.73)	(3,465.73)	(41,282,915.46)	-
-	-	-	(798,349.00)
6,890,100.35	-	6,890,100.35	-
1,762,010.54	-	1,762,010.54	-
31,876,152.67	-	31,876,152.67	896,208.00
68,345.39	-	68,345.39	763.00
283,820.19	1,000.00	284,820.19	-
40,880,429.14	1,000.00	40,881,429.14	896,971.00
(399,020.59)	(2,465.73)	(401,486.32)	98,622.00
65,472,727.66	20,552.55	65,493,280.21	738,747.00
\$ 65,073,707.07	\$ 18,086.82	\$ 65,091,793.89	\$ 837,369.00

**Wakulla County District School Board
Balance Sheet – Governmental Funds
June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Special Revenue - Other Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,159,703.85	\$ 363,654.45	\$ 998.13
Investments	-	-	-
Accounts Receivable	30,108.17	-	-
Due from Other Funds	133,497.49	-	-
Due from Other Agencies	58,327.81	12,271.44	248,808.39
Inventories	111,538.66	90,996.16	-
TOTAL ASSETS	<u>\$ 5,493,175.98</u>	<u>\$ 466,922.05</u>	<u>\$ 249,806.52</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	\$ -	\$ -	\$ 20,787.71
Payroll Deductions and Withholdings	50,757.33	575.94	331.85
Accounts Payable	167,689.30	174,394.98	95,189.47
Due to Other Funds	-	-	133,497.49
Total Liabilities	<u>218,446.63</u>	<u>174,970.92</u>	<u>249,806.52</u>
Fund Balances:			
Nonspendable:			
Inventories	111,538.66	90,996.16	-
Restricted for:			
State Required Carryover Programs	856,422.32	-	-
Food Service	-	200,954.97	-
Debt Service	-	-	-
Capital Projects	-	-	-
Total Restricted Fund Balance	<u>856,422.32</u>	<u>200,954.97</u>	<u>-</u>
Assigned for:			
School Operations	543,991.82	-	-
Capital Projects	-	-	-
Purchases on Order	125,938.00	-	-
Total Assigned Fund Balance	<u>669,929.82</u>	<u>-</u>	<u>-</u>
Unassigned Fund Balance	<u>3,636,838.55</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>5,274,729.35</u>	<u>291,951.13</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,493,175.98</u>	<u>\$ 466,922.05</u>	<u>\$ 249,806.52</u>

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

Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,175,449.15	\$ 273,152.85	\$ 6,972,958.43
-	3,817.34	3,817.34
-	-	30,108.17
-	-	133,497.49
11,471.92	1,817.15	332,696.71
-	-	202,534.82
<u>\$ 1,186,921.07</u>	<u>\$ 278,787.34</u>	<u>\$ 7,675,612.96</u>
\$ -	\$ -	\$ 20,787.71
-	-	51,665.12
-	9,279.47	446,553.22
-	-	133,497.49
<u>-</u>	<u>9,279.47</u>	<u>652,503.54</u>
-	-	202,534.82
-	-	856,422.32
-	-	200,954.97
-	3,817.34	3,817.34
-	265,690.53	265,690.53
<u>-</u>	<u>269,507.87</u>	<u>1,326,885.16</u>
-	-	543,991.82
1,186,921.07	-	1,186,921.07
-	-	125,938.00
<u>1,186,921.07</u>	<u>-</u>	<u>1,856,850.89</u>
-	-	3,636,838.55
1,186,921.07	269,507.87	7,023,109.42
<u>\$ 1,186,921.07</u>	<u>\$ 278,787.34</u>	<u>\$ 7,675,612.96</u>

**Wakulla 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	\$	7,023,109.42
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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.		79,144,354.34
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Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental funds until due.		(7,446.83)
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Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$ (158,000.00)	
Installment-Purchase Payable	(213,897.80)	
Compensated Absences Payable	(2,623,609.06)	
Net Pension Liability	(23,937,338.00)	
Other Postemployment Benefits Payable	<u>(2,923,537.00)</u>	(29,856,381.86)

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

Deferred Outflows Related to Pensions	\$ 9,784,971.00	
Deferred Inflows Related to Pensions	<u>(1,014,899.00)</u>	<u>8,770,072.00</u>

Net Position - Governmental Activities	\$	<u>65,073,707.07</u>
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The accompanying notes to financial statements are an integral part of this statement.

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Wakulla County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue - Food Service Fund	Special Revenue - Other Fund
Revenues			
Intergovernmental:			
Federal Direct	\$ 73,670.95	\$ -	\$ -
Federal Through State and Local	289,888.52	1,829,837.08	2,460,078.11
State	30,547,310.85	25,521.00	-
Local:			
Property Taxes	6,890,100.35	-	-
Charges for Services - Food Service	-	365,737.85	-
Miscellaneous	370,053.22	2,511.79	-
Total Local Revenues	<u>7,260,153.57</u>	<u>368,249.64</u>	<u>-</u>
Total Revenues	<u>38,171,023.89</u>	<u>2,223,607.72</u>	<u>2,460,078.11</u>
Expenditures			
Current - Education:			
Instruction	20,833,397.37	-	1,730,113.15
Student Support Services	2,296,971.28	-	243,475.71
Instructional Media Services	501,776.70	-	499.00
Instruction and Curriculum Development Services	536,444.08	-	73,147.65
Instructional Staff Training Services	195,752.17	-	269,600.26
Instruction-Related Technology	290,239.70	-	-
Board	614,894.26	-	-
General Administration	447,508.07	-	102,950.49
School Administration	2,543,875.96	-	16.66
Facilities Acquisition and Construction	227,552.38	-	-
Fiscal Services	410,983.38	-	-
Food Services	3,949.70	2,099,636.63	-
Central Services	721,063.06	-	6,978.88
Student Transportation Services	2,681,130.82	-	11,020.76
Operation of Plant	3,800,964.22	-	-
Maintenance of Plant	1,021,624.23	-	-
Administrative Technology Services	129,906.89	-	-
Community Services	12,433.47	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	199,141.04	-	-
Other Capital Outlay	-	-	22,275.55
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>37,469,608.78</u>	<u>2,099,636.63</u>	<u>2,460,078.11</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>701,415.11</u>	<u>123,971.09</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	800,087.00	23,476.05	-
Sale of Capital Assets	4,265.95	-	-
Transfers Out	<u>(23,476.05)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>780,876.90</u>	<u>23,476.05</u>	<u>-</u>
Net Change in Fund Balances	1,482,292.01	147,447.14	-
Fund Balances, Beginning	3,792,607.50	144,503.99	-
Decrease in Nonspendable Inventory	<u>(170.16)</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 5,274,729.35</u>	<u>\$ 291,951.13</u>	<u>\$ 0.00</u>

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

Capital Projects - Other Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 73,670.95
-	-	4,579,803.71
315,426.20	384,225.89	31,272,483.94
-	1,762,010.54	8,652,110.89
-	-	365,737.85
6,584.19	4,329.43	383,478.63
<u>6,584.19</u>	<u>1,766,339.97</u>	<u>9,401,327.37</u>
<u>322,010.39</u>	<u>2,150,565.86</u>	<u>45,327,285.97</u>
-	-	22,563,510.52
-	-	2,540,446.99
-	-	502,275.70
-	-	609,591.73
-	-	465,352.43
-	-	290,239.70
-	-	614,894.26
-	-	550,458.56
-	-	2,543,892.62
18,507.30	214,729.83	460,789.51
-	-	410,983.38
-	-	2,103,586.33
-	-	728,041.94
-	-	2,692,151.58
-	-	3,800,964.22
-	-	1,021,624.23
-	-	129,906.89
-	-	12,433.47
488,484.17	850,792.46	1,538,417.67
-	156,052.88	178,328.43
-	314,627.70	314,627.70
-	21,661.79	21,661.79
<u>506,991.47</u>	<u>1,557,864.66</u>	<u>44,094,179.65</u>
<u>(184,981.08)</u>	<u>592,701.20</u>	<u>1,233,106.32</u>
-	-	823,563.05
-	-	4,265.95
<u>(46,215.00)</u>	<u>(753,872.00)</u>	<u>(823,563.05)</u>
<u>(46,215.00)</u>	<u>(753,872.00)</u>	<u>4,265.95</u>
(231,196.08)	(161,170.80)	1,237,372.27
1,418,117.15	430,678.67	5,785,907.31
-	-	(170.16)
<u>\$ 1,186,921.07</u>	<u>\$ 269,507.87</u>	<u>\$ 7,023,109.42</u>

Wakulla 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 **\$ 1,237,372.27**

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in excess of capital outlays in the current fiscal year. (537,054.25)

Donated capital assets are reported as revenue in the statement of activities but do not provide current financial resources and, therefore, are not reported in the governmental funds. 1,049.00

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

Bond Principal Payments	\$	105,000.00	
Installment-Purchase Principal Payments		209,627.70	314,627.70

Accrued interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. This is the decrease in accrued interest during the current fiscal year. 9,692.59

Certain funds due from other agencies were not available and, therefore, not recognized as revenue in the governmental fund statements in the prior year. However, these funds were recognized as revenue under the full accrual basis of accounting in the statement of activities in the prior year. This is the amount of revenues that became available in the current year. (1,307.11)

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. (149,692.63)

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. (119,864.00)

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.

FRS Pension Contribution	\$	1,473,823.00	
HIS Pension Contribution		401,177.00	
FRS Pension Expense		(2,263,720.00)	
HIS Pension Expense		(764,954.00)	(1,153,674.00)

The purchases method of inventory accounting is used in the governmental funds for the transportation inventories, while the government-wide statement inventories are accounted for using the consumption method. (170.16)

Change in Net Position - Governmental Activities **\$ (399,020.59)**

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

Wakulla County District School Board
Statement of Net Position – Proprietary Fund
June 30, 2017

	Business-Type Activities - Nonmajor Enterprise Fund
	Small School District Council Consortium
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 18,370.02
LIABILITIES	
Current Liabilities:	
Accounts Payable	283.20
NET POSITION	
Unrestricted	\$ 18,086.82

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

**Wakulla County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2017**

	Business-Type Activities - Nonmajor Enterprise Fund Small School District Council Consortium
OPERATING REVENUES	
Charges for Services	\$ 105,450.00
OPERATING EXPENSES	
Purchased Services	108,915.73
Operating Loss	(3,465.73)
NONOPERATING REVENUES	
Gifts and Grants	1,000.00
Change in Net Position	(2,465.73)
Total Net Position - Beginning	20,552.55
Total Net Position - Ending	\$ 18,086.82

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

**Wakulla County District School Board
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2017**

	Business-Type Activities - Nonmajor Enterprise Fund Small School District Council Consortium
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Services	\$ 105,450.00
Cash Payments to Suppliers for Goods and Services	(109,583.03)
Net Cash Used by Operating Activities	<u>(4,133.03)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Gifts and Grants	1,000.00
Net Decrease in Cash and Cash Equivalents	<u>(3,133.03)</u>
Cash and Cash Equivalents, Beginning	21,503.05
Cash and Cash Equivalents, Ending	<u>\$ 18,370.02</u>

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:

Operating Loss	\$ (3,465.73)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Accounts Payable	(667.30)
Net Cash Used by Operating Activities	<u>\$ (4,133.03)</u>

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

**Wakulla County District School Board
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds
June 30, 2017**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 669,452.00</u>
LIABILITIES	
Internal Accounts Payable	<u>\$ 669,452.00</u>

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from the legally separate component unit 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 Wakulla County School District's (District) governmental activities and for each segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense associated with the District's transportation department is allocated to the student transportation services function while remaining depreciation expense is not readily associated with a particular function and is reported as unallocated.

B. Reporting Entity

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

Discretely Presented Component Unit. The component unit columns in the government-wide financial statements include the financial data of the District's component unit. A separate column is used to emphasize that it is legally separate from the District.

Wakulla's Charter School of Arts, Science and Technology, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter school operates under a charter approved by its sponsor, the Wakulla County District School Board. The charter school is considered to be a component unit of the District because the District is financially accountable for the charter school as the District established the charter school by approval of the charter, which is tantamount to the initial appointment of the charter school, and there is the potential for the charter school to impose specific financial burdens on the District. In addition, pursuant to the Florida Constitution, the charter school is a public school and the District is responsible for the operation, control, and supervision of public schools within the District.

The financial data reported on the accompanying statements was derived from the charter school's audited financial statements for the fiscal year ended June 30, 2017. The audit report is filed in the District's administrative offices at 69 Arran Road, Crawfordville, Florida 32327.

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, while business-type activities incorporate data from the government's enterprise 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. 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.

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 the District's food service program.
- Special Revenue – Other Fund – to account for certain Federal grant program resources.
- Capital Projects – Other Fund – to account for various financial resources generated by various State and local sources to be used for educational capital outlay needs, including new construction and renovation and remodeling projects.

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

- Enterprise Fund – to account for the financing of the Small School District Council Consortium for which the District is the fiscal agent.

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

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

E. Measurement Focus and 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 as soon as all eligibility requirements imposed by the provider have been met.

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 as soon as they are both 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. For this purpose, 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 and acquisitions under capital leases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

The charter school is accounted for as a governmental organization and follows the same accounting model as the District's governmental activities.

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME.

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

2. Investments

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys and amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, Florida Statutes. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

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

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

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on the first-in, first-out basis except that 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 food service inventories are recorded as expenditures when used rather than purchased, while the costs of transportation inventories are recorded as expenditures at the time of purchase. Inventories are equally offset

by a nonspendable fund balance which indicates they do not constitute “available spendable resources.”

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$750. However, for renovations to buildings, the threshold of capitalization is \$50,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated 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 weighted average composite method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Improvements Other Than Buildings	8 - 35 years
Buildings and Fixed Equipment	10 - 50 years
Furniture, Fixtures, and Equipment	3 - 10 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 - 7 years

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

5. Pensions

In the government-wide 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 Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (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 a subsequent note.

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.

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

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

7. Deferred Outflows/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 a future period and so will not be recognized as an outflow of resources (expense) until then. The District only has one item that qualifies for reporting in this category. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of net 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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The deferred inflows of resources related to pensions are discussed in a subsequent note.

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority.

The Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District reported no committed fund balances at 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 has by Board Resolution 11/12-01 authorized the Superintendent, or his designee, to assign fund balance. 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment 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 FDOE 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 FDOE. The FDOE 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 5 months following the date of the original reporting. Such amendments may impact funding allocations for subsequent fiscal years. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

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

be carried forward into the following fiscal year to be expended for the same educational programs. The FDOE 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.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

3. District Property Taxes

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

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

The Board adopted the 2016 tax levy on September 12, 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 Wakulla County Tax Collector at fiscal year-end but not yet remitted to the District.

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

4. Federal Revenue Sources

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

5. Compensated Absences

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

6. 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 enterprise fund are charges for services relating to the Small School District Council Consortium. Operating expenses include purchased services. 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. The District does not have a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

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

B. Investments

The District's investments at June 30, 2017, are reported as follows:

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	39 Day Average	\$ 6,017,851.42
Debt Service Accounts	6 Months	<u>3,817.34</u>
Total Investments, Primary Government		<u>\$ 6,021,668.76</u>

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

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant

unobservable inputs. The District's investments in SBA debt service accounts are valued using Level 1 inputs.

Interest Rate Risk

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

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

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

service accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

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

C. Changes in Capital Assets

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 3,501,421.43	\$ -	\$ -	\$ 3,501,421.43
Land Improvements	6,752.00	-	-	6,752.00
Construction in Progress	368,361.07	10,747.50	348,861.07	30,247.50
Total Capital Assets Not Being Depreciated	3,876,534.50	10,747.50	348,861.07	3,538,420.93
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	4,978,002.93	40,870.47	2,467.30	5,016,406.10
Buildings and Fixed Equipment	95,445,788.88	1,636,519.73	707,883.78	96,374,424.83
Furniture, Fixtures, and Equipment	4,867,929.32	274,274.47	237,685.79	4,904,518.00
Motor Vehicles	6,028,473.35	104,244.00	-	6,132,717.35
Audio Visual Materials and Computer Software	259,462.20	-	37,328.95	222,133.25
Total Capital Assets Being Depreciated	111,579,656.68	2,055,908.67	985,365.82	112,650,199.53
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	2,613,009.87	144,592.46	2,467.30	2,755,135.03
Buildings and Fixed Equipment	25,578,118.62	1,601,693.86	707,883.78	26,471,928.70
Furniture, Fixtures, and Equipment	3,478,273.24	260,405.13	237,685.79	3,500,992.58
Motor Vehicles	3,867,123.87	243,098.18	-	4,110,222.05
Audio Visual Materials and Computer Software	239,305.99	4,010.72	37,328.95	205,987.76
Total Accumulated Depreciation	35,775,831.59	2,253,800.35	985,365.82	37,044,266.12
Total Capital Assets Being Depreciated, Net	75,803,825.09	(197,891.68)	-	75,605,933.41
Governmental Activities Capital Assets, Net	\$ 79,680,359.59	\$ (187,144.18)	\$ 348,861.07	\$ 79,144,354.34

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	\$ 243,098.18
Unallocated	2,010,702.17
Total Depreciation Expense - Governmental Activities	<u>\$ 2,253,800.35</u>

D. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree 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 FRS 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 other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The District's FRS and HIS pension expense totaled \$3,028,674 for the fiscal year ended June 30, 2017.

FRS 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:

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

retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on 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>Percent Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2016-17 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.52
FRS, Elected County Officers	3.00	42.47
DROP – Applicable to Members from All of the Above Classes	0.00	12.99
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) 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.

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

The District's contributions to the Plan totaled \$1,473,823 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 \$14,856,982 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 0.058839349 percent, which was a decrease of 0.005246165 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized the Plan pension expense of \$2,263,720. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,137,565	\$ 138,329
Change of assumptions	898,803	-
Net difference between projected and actual earnings on FRS pension plan investments	3,840,349	-
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	449,153	719,390
District FRS contributions subsequent to the measurement date	1,473,823	-
Total	<u><u>\$ 7,799,693</u></u>	<u><u>\$ 857,719</u></u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$1,473,823, will be recognized as a reduction of the net pension liability in the fiscal year ending 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>Amount</u>
2018	\$ 788,780
2019	788,780
2020	2,285,986
2021	1,468,714
2022	108,132
Thereafter	27,759
Total	\$ 5,468,151

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.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Total	100%			
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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2016 valuation was updated from 7.65 percent to 7.6 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.6 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% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
District's proportionate share of the net pension liability	\$ 27,352,709	\$ 14,856,982	\$ 4,455,939

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may 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 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the

event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$401,177 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 \$9,080,356 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. 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 0.077912301 percent, which was a decrease of 0.001688012 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized the HIS Plan pension expense of \$764,954. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 20,682
Change of assumptions	1,424,939	-
Net difference between projected and actual earnings on HIS pension plan investments	4,591	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	154,571	136,498
District contributions subsequent to the measurement date	401,177	-
Total	\$ 1,985,278	\$ 157,180

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$401,177, will be recognized as a reduction of the net pension liability in the fiscal year ending 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>Amount</u>
2018	\$ 262,772
2019	262,772
2020	261,898
2021	261,477
2022	216,045
Thereafter	161,957
Total	\$ 1,426,921

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

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

While an experience study had 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% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
District's proportionate share of the net pension liability	\$ 10,417,231	\$ 9,080,356	\$ 7,970,822

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

2. FRS – Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees 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. Retirement benefits are based upon the value of the member's account upon retirement. 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, 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. 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. Allocations to the Investment Plan member accounts during the 2016-17 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 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 in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$202,141 for the fiscal year ended June 30, 2017.

E. Other Postemployment Benefit Obligations

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

Funding Policy. Plan contribution requirements of the District and OPEB Plan members are established and may be amended through action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis. For the 2016-17 fiscal year, 228 retirees received postemployment life and 32 retirees received postemployment healthcare benefits. The District provided required contributions of \$190,401 toward the annual OPEB cost, net of retiree contributions totaling \$270,573, which represents 0.8 percent of covered payroll.

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

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for 1 year)	\$ 114,397
Amortization of Unfunded Actuarial Accrued Liability	<u>413,464</u>
Annual Required Contribution	527,861
Interest on Net OPEB Obligation	93,923
Adjustment to Annual Required Contribution	<u>(311,519)</u>
Annual OPEB Cost (Expense)	310,265
Contribution Toward the OPEB Cost	<u>(190,401)</u>
Increase in Net OPEB Obligation	119,864
Net OPEB Obligation, Beginning of Year	<u>2,803,673</u>
Net OPEB Obligation, End of Year	<u>\$ 2,923,537</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 2 preceding fiscal years, were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014-15	\$ 456,797	49.3%	\$ 2,577,007
2015-16	465,503	51.3%	2,803,673
2016-17	310,265	61.4%	2,923,537

Funded Status and Funding Progress. As of October 1, 2016, the most recent valuation date, the actuarial accrued liability for benefits was \$3,660,378, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$3,660,378 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$23,011,982, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.9 percent.

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 Schedule of Funding Progress immediately following the notes to financial statements as required supplementary information, presents multiyear trend information about whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial

calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, 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.

The District's OPEB actuarial valuation as of October 1, 2016, used the entry age normal cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2017, and to estimate the District's 2016-17 fiscal year ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.35 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 3.35 percent per year, and an annual healthcare cost trend rate of 7.25 percent initially beginning October 1, 2016, reduced to an ultimate rate of 4.24 percent beginning October 1, 2040. The investment rate of return and projected salary increases 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 9-year period. The remaining amortization period at June 30, 2017, was 9 years.

F. Construction and Other Significant Commitments

Construction Contracts. The following is a schedule of major construction contract commitments at June 30, 2017:

Project	Contract Amount	Completed to Date	Balance Committed
Shadeville Elementary and Wakulla High Door Hardware and Replacement			
Architect	\$ 14,330.00	\$10,747.50	\$ 3,582.50
Contractor	385,274.00	-	385,274.00
Total	\$399,604.00	\$10,747.50	\$388,856.50

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

The following is a schedule of encumbrances at June 30, 2017:

Major Funds			
General	Capital Projects - Other	Nonmajor Governmental Funds	Total Governmental Funds
<u>\$ 125,938</u>	<u>\$ 180,604</u>	<u>\$ 232,253</u>	<u>\$ 538,795</u>

G. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Wakulla County

District School Board is a member of the Panhandle Area Educational Consortium - Risk Management Consortium (Consortium) under which several district school boards have established a combined limited self-insurance program for property protection, general liability, automobile liability, workers' compensation, sabotage and terrorism, employee dishonesty, equipment breakdown, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Consortium is self-sustaining through member assessments (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. The Board of Directors for the Consortium is composed of superintendents of all participating districts. The Washington County District School Board serves as fiscal agent for the Consortium.

Employee group life and health insurance coverage is 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 3 fiscal years.

H. Installment-Purchase Payable

The class and amount of property being acquired under installment-purchase is as follows:

	<u>Asset Balances</u>
School Buses	<u>\$ 1,046,720</u>

Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	<u>\$ 218,310.00</u>	<u>\$ 213,897.80</u>	<u>\$ 4,412.20</u>

The stated interest rate is 2.05 percent.

I. Long-Term Liabilities

1. Bonds Payable

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

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State School Bonds:			
Series 2009A, Refunding	\$ 40,000	5	2019
Series 2014B, Refunding	<u>118,000</u>	2 - 5	2020
Total Bonds Payable	<u><u>\$ 158,000</u></u>		

The State School 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.

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	\$ 122,540	\$ 115,000	\$ 7,540
2019	32,790	31,000	1,790
2020	12,240	12,000	240
Total State School Bonds	\$ 167,570	\$ 158,000	\$ 9,570

2. Changes in Long-Term Liabilities

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds Payable	\$ 263,000.00	\$ -	\$ 105,000.00	\$ 158,000.00	\$ 115,000.00
Installment-Purchase Payable	423,525.50	-	209,627.70	213,897.80	213,897.80
Compensated Absences Payable	2,473,916.43	1,661,598.71	1,511,906.08	2,623,609.06	395,296.40
Net Pension Liability	16,395,485.00	12,457,322.00	4,915,469.00	23,937,338.00	261,783.77
Other Postemployment Benefits Payable	2,803,673.00	310,265.00	190,401.00	2,923,537.00	-
Total Governmental Activities	\$ 22,359,599.93	\$ 14,429,185.71	\$ 6,932,403.78	\$ 29,856,381.86	\$ 985,977.97

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

J. Fund Balance Reporting

In addition to committed and assigned fund balance categories discussed in Note I.F.10., 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. Interfund Receivables and Payables

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

Funds	Interfund	
	Receivables	Payables
Major:		
General	\$ 133,497.49	\$ -
Special Revenue:		
Other	-	133,497.49
Total	\$ 133,497.49	\$ 133,497.49

The purpose of these balances was to reimburse the General Fund for temporary advances made to the Special Revenue – Other Fund. These amounts are expected to be repaid within 1 year

L. 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	\$ 24,181,686.00
Categorical Educational Program - Class Size Reduction	5,372,796.00
Motor Vehicle License Tax (Capital Outlay and Debt Service)	204,572.85
Gross Receipts Tax (Public Education Capital Outlay)	182,672.00
Workforce Development Program	135,693.00
Voluntary Prekindergarten Program	114,843.79
Florida School Recognition Funds	106,666.00
Miscellaneous	973,554.30
Total	\$ 31,272,483.94

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

2. Property Taxes

The following is a summary of millages and taxes levied on the 2016 tax roll for the 2016-17 fiscal year:

	<u>Millages</u>	<u>Taxes Levied</u>
<u>General Fund</u>		
Nonvoted School Tax:		
Required Local Effort	4.618	\$ 5,627,103.84
Basic Discretionary Local Effort	0.748	911,449.48
Voted School Tax:		
Additional Operating	0.500	609,257.67
<u>Capital Projects - Local Capital Improvement Fund</u>		
Nonvoted Tax:		
Local Capital Improvements	1.500	1,827,773.01
Total	<u>7.366</u>	<u>\$8,975,584.00</u>

M. Interfund Transfers

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

<u>Funds</u>	<u>Interfund</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General	\$ 800,087.00	\$ 23,476.05
Special Revenue:		
Food Service	23,476.05	-
Capital Projects:		
Other	-	46,215.00
Nonmajor Governmental	-	753,872.00
Total	<u>\$ 823,563.05</u>	<u>\$ 823,563.05</u>

The purpose of the interfund transfers were related to the transfer of charter school capital outlay funds and capital outlay taxes for maintenance, repair, and renovation expenses of the General Fund. Also, a transfer was made to the Special Revenue – Food Service Fund to satisfy minimum school lunch price requirements under the National School Lunch Program.

III. CONSORTIUMS

The District is a member of, and the fiscal agent for, the Small School District Council Consortium (Consortium). The Consortium is an association of small school districts organized to hire a consultant to collect, interpret, and disseminate information regarding educational matters affecting the member districts, as well as consult and communicate as directed to change, influence, and improve the conditions in the affected districts. The District is not the predominant participant in the consortium and, therefore, has established an enterprise fund to account for the Consortium's resources and operations.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2017

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
Federal Direct	\$ 75,000.00	\$ 75,000.00	\$ 73,670.95	\$ (1,329.05)
Federal Through State and Local	460,506.00	460,506.00	289,888.52	(170,617.48)
State	29,787,136.00	30,522,592.85	30,547,310.85	24,718.00
Local:				
Property Taxes	6,872,104.00	6,872,104.00	6,890,100.35	17,996.35
Charges for Services - Food Service				
Miscellaneous	309,645.00	325,292.95	370,053.22	44,760.27
Total Local Revenues	7,181,749.00	7,197,396.95	7,260,153.57	62,756.62
Total Revenues	37,504,391.00	38,255,495.80	38,171,023.89	(84,471.91)
Expenditures				
Current - Education:				
Instruction	21,512,930.49	21,854,177.68	20,833,397.37	1,020,780.31
Student Support Services	2,237,989.93	2,297,489.61	2,296,971.28	518.33
Instructional Media Services	559,277.37	556,356.54	501,776.70	54,579.84
Instruction and Curriculum Development Services	581,470.02	572,270.60	536,444.08	35,826.52
Instructional Staff Training Services	190,479.62	195,784.21	195,752.17	32.04
Instruction-Related Technology	276,901.93	290,431.24	290,239.70	191.54
Board	620,352.74	620,352.74	614,894.26	5,458.48
General Administration	414,372.54	461,911.35	447,508.07	14,403.28
School Administration	2,598,130.06	2,558,014.23	2,543,875.96	14,138.27
Facilities Acquisition and Construction	849,899.49	425,264.76	227,552.38	197,712.38
Fiscal Services	409,699.24	411,660.24	410,983.38	676.86
Food Services	3,250.00	8,250.00	3,949.70	4,300.30
Central Services	660,352.06	721,497.52	721,063.06	434.46
Student Transportation Services	3,003,733.07	2,851,881.56	2,681,130.82	170,750.74
Operation of Plant	3,959,245.13	3,977,686.28	3,800,964.22	176,722.06
Maintenance of Plant	1,155,406.49	1,150,980.78	1,021,624.23	129,356.55
Administrative Technology Services	168,032.84	168,949.80	129,906.89	39,042.91
Community Services	6,750.00	12,750.00	12,433.47	316.53
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	199,141.04	199,141.04	-
Other Capital Outlay	-	-	-	-
Total Expenditures	39,208,273.02	39,334,850.18	37,469,608.78	1,865,241.40
Excess (Deficiency) of Revenues Over Expenditures	(1,703,882.02)	(1,079,354.38)	701,415.11	1,780,769.49
Other Financing Sources (Uses)				
Transfers In	838,872.00	813,872.00	800,087.00	(13,785.00)
Sale of Capital Assets	-	-	4,265.95	4,265.95
Loss Recoveries	20,000.00	20,000.00	-	(20,000.00)
Transfers Out	(40,000.00)	(40,000.00)	(23,476.05)	16,523.95
Total Other Financing Sources (Uses)	818,872.00	793,872.00	780,876.90	(12,995.10)
Net Change in Fund Balances	(885,010.02)	(285,482.38)	1,482,292.01	1,767,774.39
Fund Balances, Beginning	3,792,607.50	3,792,607.50	3,792,607.50	-
Decrease in Nonspendable Inventory	-	-	(170.16)	(170.16)
Fund Balances, Ending	\$ 2,907,597.48	\$ 3,507,125.12	\$ 5,274,729.35	\$ 1,767,604.23

Special Revenue - Food Service Fund				Special Revenue - Other Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,901,354.65	1,901,354.65	1,829,837.08	(71,517.57)	2,731,338.87	2,858,981.13	2,460,078.11	(398,903.02)
25,000.00	25,000.00	25,521.00	521.00	-	-	-	-
-	-	-	-	-	-	-	-
363,607.17	363,607.17	368,020.26	4,413.09	-	-	-	-
-	-	229.38	229.38	-	-	-	-
363,607.17	363,607.17	368,249.64	4,642.47	-	-	-	-
2,289,961.82	2,289,961.82	2,223,607.72	(66,354.10)	2,731,338.87	2,858,981.13	2,460,078.11	(398,903.02)
-	-	-	-	1,800,956.12	1,901,881.69	1,730,113.15	171,768.54
-	-	-	-	321,377.00	320,631.00	243,475.71	77,155.29
-	-	-	-	-	500.00	499.00	1.00
-	-	-	-	101,350.00	103,350.00	73,147.65	30,202.35
-	-	-	-	354,143.00	352,134.72	269,600.26	82,534.46
-	-	-	-	-	-	-	-
-	-	-	-	116,740.99	118,560.41	102,950.49	15,609.92
-	-	-	-	-	500.00	16.66	483.34
-	-	-	-	-	-	-	-
2,289,962.00	2,289,962.00	2,099,636.63	190,325.37	-	-	-	-
-	-	-	-	17,325.00	17,325.00	6,978.88	10,346.12
-	-	-	-	19,446.76	21,822.76	11,020.76	10,802.00
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	22,275.55	22,275.55	-
2,289,962.00	2,289,962.00	2,099,636.63	190,325.37	2,731,338.87	2,858,981.13	2,460,078.11	398,903.02
(0.18)	(0.18)	123,971.09	123,971.27	-	-	-	-
40,000.00	40,000.00	23,476.05	(16,523.95)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
40,000.00	40,000.00	23,476.05	(16,523.95)	-	-	-	-
39,999.82	39,999.82	147,447.14	107,447.32	-	-	-	-
144,503.99	144,503.99	144,503.99	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 184,503.81	\$ 184,503.81	\$ 291,951.13	\$ 107,447.32	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**Schedule of Funding Progress –
Other Postemployment Benefits Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/01/12	\$ -	\$ 3,931,963	\$ 3,931,963	0.0%	\$ 24,311,735	16.2%
10/01/14	-	4,651,679	4,651,679	0.0%	23,705,183	19.6%
10/01/16	-	3,660,378	3,660,378	0.0%	23,011,982	15.9%

Note: (1) The District's OPEB actuarial valuation used the entry age normal cost actuarial method to estimate the actuarial accrued liability.

**Schedule of the District's Proportionate Share
of the Net Pension Liability –
Florida Retirement System Pension Plan (1)**

	2016	2015	2014	2013
District's proportion of the FRS net pension liability	0.058839349%	0.064085514%	0.064985936%	0.060004810%
District's proportionate share of the FRS net pension liability	\$ 14,856,982	\$ 8,277,505	\$ 3,965,096	\$ 10,329,498
District's covered-employee payroll	\$ 24,055,414	\$ 24,149,326	\$ 23,224,220	\$ 22,357,945
District's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	61.76%	34.28%	17.07%	46.20%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%	88.54%

Note: (1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of District Contributions –
Florida Retirement System Pension Plan (1)**

	2017	2016	2015	2014
Contractually required FRS contribution	\$ 1,473,823	\$ 1,434,891	\$ 1,562,459	\$ 1,423,468
FRS contributions in relation to the contractually required contribution	(1,473,823)	(1,434,891)	(1,562,459)	(1,423,468)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 24,163,016	\$ 24,055,414	\$ 24,149,326	\$ 23,224,220
FRS contributions as a percentage of covered-employee payroll	6.10%	5.96%	6.47%	6.13%

Note: (1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of the District's Proportionate Share
of the Net Pension Liability –
Health Insurance Subsidy Pension Plan (1)**

	2016	2015	2014	2013
District's proportion of the HIS net pension liability	0.077912301%	0.079600313%	0.078160280%	0.076962461%
District's proportionate share of the HIS net pension liability	\$ 9,080,356	\$ 8,117,980	\$ 7,308,177	\$ 6,700,594
District's covered-employee payroll	\$ 24,055,414	\$ 24,149,326	\$ 23,224,220	\$ 22,357,945
District's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	37.75%	33.62%	31.47%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%	1.78%

Note: (1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of District Contributions –
Health Insurance Subsidy Pension Plan (1)**

	2017	2016	2015	2014
Contractually required HIS contribution	\$ 401,177	\$ 399,350	\$ 304,282	\$ 267,751
HIS contributions in relation to the contractually required contribution	(401,177)	(399,350)	(304,282)	(267,751)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 24,163,016	\$ 24,055,414	\$ 24,149,326	\$ 23,224,220
HIS contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.26%	1.15%

Note: (1) The amounts presented for each fiscal year were determined as of June 30.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting

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

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

fiscal year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

2. Schedule of Funding Progress – Other Postemployment Benefits Plan

The October 1, 2016, unfunded actuarial accrued liability of \$3,660,678 was significantly lower than the October 1, 2014, liability of \$4,651,679 as a result of benefit changes and other changes in liabilities and costs as discussed below:

- *Population Changes:* The number of retirees currently receiving post-employment health benefits through the District core plan increased from 18 in the previous valuation to 32 this year. At the same time, the number of active employees eligible for future post-employment benefits decreased from 445 to 430. These combined population changes had an increasing effect on the costs and liabilities.
- *Initial Cost of Coverage:* The average cost of coverage provided to employees, retirees and their dependents increased from \$839 per subscriber per month (as expected for the year beginning October 1, 2014) to \$889 per subscriber per month for the year beginning October 1, 2016. This is lower than \$965 per employee per month projected for the current plan year at the time the prior valuation was performed. The slower-than-expected growth in the cost of coverage is partially attributable to the addition of a Minimum Value Plan option with lower premium rates. This change had a decreasing effect on the costs and liabilities.
- *Aging Factors:* The age grading factors used in the development of the Per Capita Costs to reflect rates at which medical costs increase with age of the member has been revised to be based on the results of the study published (June 2013) in *Health Care Costs – From Birth to Death* sponsored by the Society of Actuaries and authored by Mr. Dale H. Yamamoto. This change had a decreasing effect on the costs and liabilities
- *Medical Trend Assumptions:* We revised the assumed trend of medical/prescription cost and premium increases. It was assumed previously that costs and premiums would increase at a rate of 6.50 percent, 6.25 percent, 6.00 percent, and 5.84 percent for plan years beginning in 2017, 2018, 2019, and 2020, respectively. We are revising trend rates for costs and premiums charged to retirees for those years to be 7.25 percent, 7.00 percent, 6.75 percent, and 6.50 percent, respectively. Long term trend rates follow the same model as used before declining over a 20-year period from 6.25 percent assumed for the year 2021 to the ultimate level of 4.24 percent. This had a modest increasing effect on the costs and liabilities.
- *Discount Rate Assumptions:* Based on the District's discount rate selection, the discount rate used to calculate the present values and costs of the OPEB plan has been revised from 3.45 percent to 3.35 percent. According to GASB Statement No. 45, this rate must be the long-range expected return on such short-term fixed income instruments and is based on the recent trend in long term forecasts. This change had a modest increasing effect on the costs and liabilities.

3. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. The long-term expected rate of return was decreased from 7.65 percent to 7.60 percent, and the active member mortality assumption was updated.

4. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal bond rate used to determine total pension liability was decreased from 3.80 percent to 2.85 percent.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Wakulla County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Federal CFDA Number	Pass - Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster:				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	17002	\$ -	\$ 437,903.72
National School Lunch Program	10.555	17001, 17003	-	1,391,933.36
Total Child Nutrition Cluster			-	1,829,837.08
Special Education Cluster:				
United States Department of Education:				
Special Education - Grants to States:	84.027			
Florida Department of Education		263	19,000.00	1,161,541.94
University of South Florida		None	-	91,500.00
Leon County District School Board		None	-	27,971.80
Total Special Education - Grants to States	84.027		19,000.00	1,281,013.74
Special Education - Preschool Grants	84.173	267	-	31,832.08
Total Special Education Cluster			19,000.00	1,312,845.82
Not Clustered				
United States Department of Agriculture:				
Florida Department of Financial Services:				
Schools and Roads - Grants to States	10.665	None	-	24,739.31
United States Department of Defense:				
Navy Junior Reserve Officers Training Corps	12.UNK	N/A	-	73,670.95
United States Department of Education:				
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191	-	62,204.78
Title I Grants to Local Educational Agencies	84.010	212, 226	88,620.48	902,837.56
Career and Technical Education - Basic Grants to States	84.048	161	-	110,670.58
Improving Teacher Quality State Grants	84.367	224	3,137.70	190,991.17
Total United States Department of Education			91,758.18	1,266,704.09
United States Department of Health and Human Services:				
North Florida Child Development Inc.:				
Head Start	93.600	N/A	-	59,839.00
Total Expenditures of Federal Awards			\$ 110,758.18	\$ 4,567,636.25

The notes below are an integral part of this schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Wakulla 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 or changes in net position 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 \$101,015.80 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

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 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Wakulla 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 October 25, 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 discretely presented component unit, as described in our report on the District's financial statements. For the discretely presented component unit, 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. The financial statements of the school internal funds were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine 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, 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
October 25, 2017



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

Report on Compliance for the Major Federal Program

We have audited the Wakulla 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 the District's major Federal program for the fiscal year ended June 30, 2017. The District's major Federal program is 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 the District's major Federal program 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 the 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 the major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the 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 its major Federal program for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

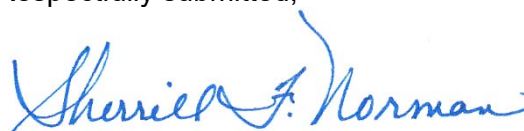
District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 a large initial 'S' and a distinct 'F'.

Sherrill F. Norman, CPA
Tallahassee, Florida
October 25, 2017

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 program:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major Federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major Federal program:

CFDA Numbers: 10.553 and 10.555 Name of Federal Program or Cluster: Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Attachment # 3

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

The title of the project is Wakulla Career and Technical Center. It includes constructing a bus garage for student transportation and renovating the current bus garage located on the grounds of Wakulla High School, for a new career and technical center. The new bus garage will be located at 379 Arran Road, Crawfordville, Florida. The renovations on the previous garage will be located at 3237 Coastal Highway, Crawfordville, Florida.

Two career and technical education (CTE) programs will initially be housed in the Wakulla Career and Technical Center. The first is the Florida Automobile Dealers Association (FADA) Certified Technician program and the second is the American Technician Excellence (NATEX) and HVAC Excellence Employment Ready programs. Through these programs, Wakulla County School District (WCSB) will bolster the availability for students to receive industry certifications. WCSB has put numerous CTE programs into place in the past such as Welding, Automotive, Certified Nursing Assistant, Practical Nursing, Engineering, Culinary, Office Specialist, Construction, Accounting and Digital Information Technology. Through CTE programs, students have the availability to receive industry certifications that exceed the rest of the region and State. WCSB has a proven reputation for dedication to their students, and would like to continue to add programs for diversification.

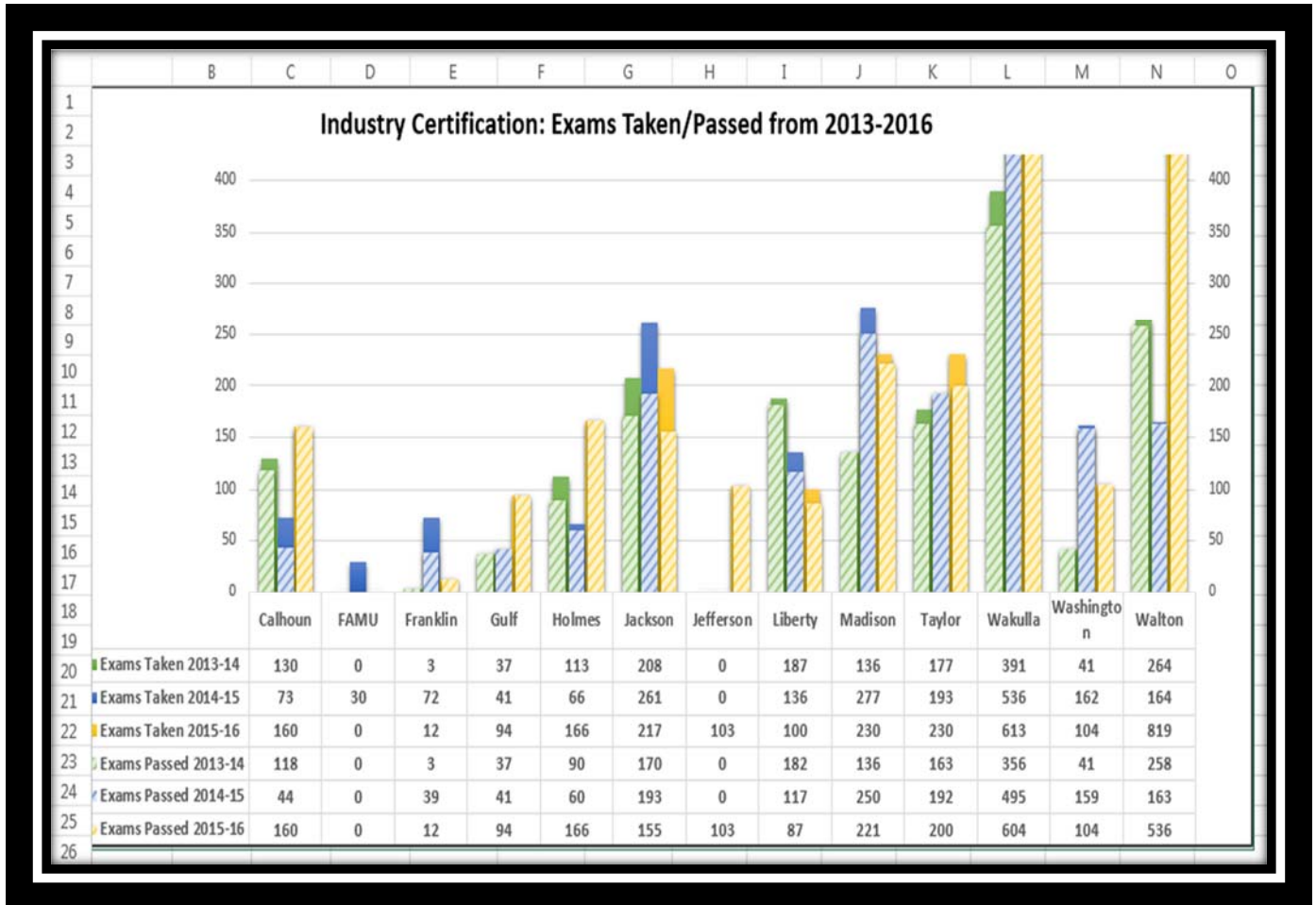
WCSB has been a leader in Northwest Florida for educational quality. WCSB's graduation rate and initiatives for CTE programs are directly correlated to an increase in not only median household income over the past six years, but per capita income as well. The U.S. Census Bureau has data relating to Wakulla County from the census in 2010 and then again in 2015. As WCSB has incorporated a variety of CTE programs for their students and community, graduation rate has increased along with household income. Quantitative evidence of economic recovery is demonstrated below:

Wakulla County

	2010	2015	2016
Median Income	\$37,149	\$50,340	No Data
Per Capita Income	\$17,680	\$20,823	No Data
WCSB Graduate	70%	78.1%	86.9%

Future evidence of economic impact will come from a continued effort to collect data on graduation rate, industry certifications, post-secondary enrollment and census data.

The graph below depicts data regarding industry certifications earned by Wakulla County students from 2013-2016. With additional programs added to a students' schedule, these numbers will continue to increase.



The timeline will begin immediately upon approval and end 22 months from start.

The county most impacted by this proposed project is Wakulla. Students from surrounding counties may also attend Wakulla Schools through controlled open enrollment.

Attachment # 4

3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

Northwest Florida Forward is focused on economic vitality and growth in our Florida Panhandle. They incorporate a regional strategy to help transform their 13-county region, Wakulla County being one of them. Wakulla County School District (WCSB) mirrors their focus areas of establishing an employer-driven workforce and helping create a pipeline of well-prepared job ready employees. Over the next ten years, due in part to the approval of this project, we expect to see the median household income increase as well as connect skilled laborers to the market they are passionate about. The proposed project will be a stimulus for transformation in the following ways:

- Construction of a modernized technical center to house multiple CTE programs-this will be sustainable without further request for funds due to student enrollment and success in the program. The structure and program will be new to our region to provide a ripple effect for workforce development and continued net new activity for Wakulla County.
- Increase in pathways for students to access job-ready skills
- Increase county graduation rate
- Provide availability for residents beyond high school to receive industry certifications

4. Describe data or information available to demonstrate the viability of the proposed project or program.

WCSB and Lively Technical Center (LTC) currently partner on both the Welding and Automotive programs. In addition, agreements exist that articulate clock hours from programs in Wakulla County to programs at LTC. This partnership has been in existence for over ten years and gets stronger every year as the two institutions work in unison to target the expanding need for skilled workers. When the Wakulla Career and Technical Center is constructed, both initial programs housed there will be programs supported directly by LTC. The plan in mind is to expand to even more programs, to maximize economic benefits and regional assets. Education works on the input and output sides of the equation. The supply side of the equation will result in a more trained workforce and a better educational experience for young and adult learners in Wakulla County.

All utility expenses, personnel, and maintenance of the facility will be the responsibility of WCSB.

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

Impacts to Wakulla County will be measured long term through the following:

- U.S. Census Bureau with regards to increase median household income
- Increase in industry certification credentials earned

- Increase in graduation rate
- Increase in number of students entering either 2-year, 4- year or post-secondary CTE programs

Each of the above impacts can be quantitatively defined and measured as this project moves forward.

Attachment # 5

6. Describe how the proposed project or program is sustainable. (Note: sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

Funding is requested to move the current bus garage, construct a new one, and renovate the existing garage to become the CTE center. The maintenance, staffing, utility resources and all other fees for future use will be assumed by WCSB as part of the regional strategic initiative Northwest Florida Forward has put into place to increase output of citizens ready for the workforce in the targeted areas.

7. Describe how the deliverables for the proposed project or program will be measured.

- A. Build a new bus garage for student transportation
 - Measured through completed construction of the site
- B. Renovate existing facility to house multiple CTE programs
 - Completion of renovation of facility
 - Equipment for instruction purchased and in place for students
 - Professionals hired for instruction
- C. Student enrollment in programs
 - Number of students exposed to curriculum
- D. Student industry certification
 - Track certificates earned in the initial year and every year after
- E. Job-ready workforce
 - Provide internship opportunities while students are enrolled in the program; encourage enrollment into 2-year, 4-year or Technical College after graduation; track data and analyze it quantitatively

Attachment # 6

Priorities

2. Please explain how the proposed project meets the priorities identified.

- *Increase household income in the disproportionately affected counties above national average household income.*

The U.S. Census Bureau reported that in September 2017 the national median household income was \$59,039 in 2016. In 2015 the median household income for the United States was \$55,775. Wakulla County had a median household income of \$50,340. Florida itself in 2014 and 2015 did not match the national average household income (U.S. Census Bureau, September 2016). It is important to note that while Wakulla County is increasing their median household income and this project will help stimulate this movement, it may be years before Wakulla County or Florida match that of the rest of the United States.

- *Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.*

Two educational entities are partnering on this project to invest in the residents of an underserved disproportionately affected area. Lively Technical Center (LTC) and Wakulla County School Board (WCSB). Colloquially, education is described as an asset due to its power to increase cash flow. Education enhances the value of human capital and future income, relating directly to the first priority mentioned in attachment #6, education is the path for increasing income.

- *Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.*

WCSB is submitting this proposal on behalf of its 5,500 students.

- *Are recommended by the board of county commissioners of the country in which the project or program will be located.*

See attachment # 1, also shown below.



**BOARD OF
COUNTY COMMISSIONERS**

Ralph Thomas
Chairman, District 1

Mike Stewart
Vice-Chairman, District 3

Randy Merritt
District 2

Jerry Moore
District 4

Charles Hess, Ph.D.
District 5

J. David Edwards
County Administrator

Heather J. Encinosa
County Attorney
(850) 224-4070

Office of Intergovernmental Affairs
Post Office Box 1263
Crawfordville, FL 32326
(850) 926-0919 x 705
www.mywakulla.com

November 6, 2017

Mr. Alan Bense, Chairman
Triumph Gulf Coast, Inc.
Post Office Box 12007
Tallahassee, Florida 32317

Dear Chairman Bense,

The Wakulla County Board of County Commissioners (Board) held a workshop on October 30, 2017, for the purpose of discussing Triumph Gulf Coast, Inc. (Triumph) funds, project criteria, and to provide a venue for our boards of elected officials and citizens to present projects for Board consideration and recommendation to Triumph pursuant to statute.

We were very appreciative of Jason Shoaf and Scott Remington taking time to attend our Workshop. Their input and response to questions certainly exceeded expectations and contributed to the success of our Workshop.

The Board met on November 6, 2017, to finalize its initial list of recommended projects for Triumph funding and identified five priority projects that can be implemented quickly and provide optimum results for the funding being requested. The County's five priority projects below align with existing local strategic and planning documents and the Great Northwest Florida Forward strategic plan.

1. Wakulla Career and Technical Education Center
2. Wakulla County Learning Center
3. First Responder Communication System
4. New County Library
5. ADA Compliant Kayak/Canoe Launch – St. Marks City Park

Summary information on each project is provided in the enclosed list of Board recommended projects for Triumph funding as of November 6, 2017. The forthcoming Pre-Screening Application for each of the projects will provide further information.

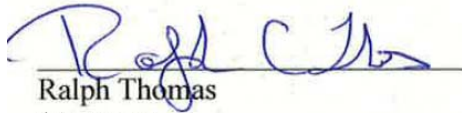
It is anticipated that the Board will update its list of recommended projects from time to time as projects are funded or as priorities shift

Mr. Alan Bense
Page Two
November 6, 2017

to reflect current needs and conditions. Your consideration of each of our projects is greatly appreciated.

We look forward to hosting the November 8th Triumph Board meeting in Wakulla County. Please contact me if you have any questions or need additional information.

Sincerely,


Ralph Thomas
Chairman

RT/stk

Enclosure

Cc:

Mr. Bobby Pearce, Wakulla County School Board

Ms. Gail Gilman, City of St. Marks

Ms. Dana Peck, Wakulla Commercial Fishermen's Association

Mr. Bob Ballard, WEI



Attachment # 7

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

- Transformation for the future is in human capital. Education is the gateway to increase the earning potential for residents in the Northwest Florida region. This project promotes and encourages an increase in education and credentials for this area.
- This project will begin immediately after the application is approved.
- With certifications earned and job skills incorporated into the program, we will be able to measure through the help of the U.S. Census Bureau the effect on regional average household income.
- Alignment with Northwest Florida FORWARD regional strategic initiative will come into play with their "implementation Planning Phase" which follows an implementation matrix for carrying out strategies and actions to help implementation of projects and economic restoration (*Northwest Florida Forward, 2017, p 2*)
- The Wakulla Career and Technical Center will create new jobs in targeted industries such as manufacturing due to adding the Heating, Ventilation and Air Conditioning (HVAC) program in the facility. The HVAC industry is a worldwide enterprise which can include operation and maintenance, system design and construction, and manufacturing. In addition, the automotive program has a robust manufacturing component.
- Industry cluster impact will be promoted by this multi-program facility due to students receiving industry certifications in all CTE programs housed here.
- Florida's Rural Areas of Opportunity (RAO's) in the Northwest region include Calhoun, Franklin, Gadsden, Gulf, Homes, Jackson, Liberty, Wakulla and Washington counties (Florida Department of Economic Opportunity, Floridajobs.org/business-growth, 2017).
- WCSB, in Wakulla County, is partnering with LTC in Leon County to help provide this opportunity. Any student who attends Wakulla Public Schools is allowed to enroll in these programs. Students are allowed to move across county lines for school choice, and therefore these programs have the ability to make a more regional. This data can be tracked through enrollment.
- Similar programs across the regions are in existence such as the ones offered at Crestview High School in Okaloosa, Tom P. Haney Technical Center in Bay County, and the CTE programs at Santa Rosa Junior College. Our project aligns with the intent across the region to strengthen job-readiness skills and the workforce.
- If funded, Wakulla County will harbor a unique asset in the region that can leverage regional growth for targeted industries, specifically manufacturing.
- The long-term financial sustainability after the initial funding from Triumph Gulf Coast will come from student enrollment in the program, industry certification pass rate funding, and the partnership with LTC.

- WCSB is prepared and able to use \$375,000 to help fund this project as a local investment in the school system.
- The program is supported by the Wakulla County Board of County Commissioners.
- Metrics will be quantitative. Student enrollment, industry certifications earned and graduation rate of students involved along with post-secondary enrollment or entry into the workforce will be tracked.
- A deliverable-based payment system will be created when funding is awarded. This will include draws for construction, renovation, and a clear time-line of follow-up with student achievement data.
- Due to the investment of the school district to its students and the permanent structure of the building on Wakulla High School's campus along with the future expansion of CTE programs in Wakulla County, the capacity for regional economic growth is unlimited.
- All CTE programs in Wakulla County are taught with safety and the environment in mind. Specific sections of curriculum are introduced throughout the standards to help ensure students understand implications in their chosen field to the environment.

GULF TRIUMPH PROPOSED PROJECTS
WAKULLA COUNTY SCHOOL BOARD
CASH FLOW ANALYSIS as of November 2017



		TOTAL						IN-KIND DONATION BY SCHOOL BOARD	
Description of Services		Monthly	Cumulative	PROJECT New Bus Garage		PROJECT Remodeling Old Bus Garage			
Month									
1	Design of all Planned Structures	\$ 31,728.45	\$ 31,728.45		22,931.00		20,516.20		(11,718.75)
2	Design of all Planned Structures	\$ 31,728.45	\$ 63,456.90		22,931.00		20,516.20		(11,718.75)
3	Design of all Planned Structures	\$ 31,728.45	\$ 95,185.35		22,931.00		20,516.20		(11,718.75)
4	Design of all Planned Structures	\$ 31,728.45	\$ 126,913.80		22,931.00		20,516.20		(11,718.75)
5	Design of all Planned Structures	\$ 31,728.45	\$ 158,642.25		22,931.00		20,516.20		(11,718.75)
6	Design of all Planned Structures	\$ 31,728.45	\$ 190,370.70		22,931.00		20,516.20		(11,718.75)
7	Design of all Planned Structures	\$ 31,728.45	\$ 222,099.15		22,931.00		20,516.20		(11,718.75)
8	Design of all Planned Structures	\$ 31,728.45	\$ 253,827.60		22,931.00		20,516.20		(11,718.75)
9	Construction of New Bus Garage	\$ 163,189.75	\$ 417,017.35		174,908.50				(11,718.75)
10	Construction of New Bus Garage	\$ 163,189.75	\$ 580,207.10		174,908.50				(11,718.75)
11	Construction of New Bus Garage	\$ 163,189.75	\$ 743,396.85		174,908.50				(11,718.75)
12	Construction of New Bus Garage	\$ 163,189.75	\$ 906,586.60		174,908.50				(11,718.75)
13	Construction of New Bus Garage	\$ 163,189.75	\$ 1,069,776.35		174,908.50				(11,718.75)
14	Construction of New Bus Garage	\$ 163,189.75	\$ 1,232,966.10		174,908.50				(11,718.75)
15	Construction of New Bus Garage	\$ 163,189.75	\$ 1,396,155.85		174,908.50				(11,718.75)
16	Construction of New Bus Garage	\$ 163,189.75	\$ 1,559,345.60		174,908.50				(11,718.75)
17	Construction of New Bus Garage	\$ 163,189.75	\$ 1,722,535.35		174,908.50				(11,718.75)
18	Construction of New Bus Garage	\$ 163,189.75	\$ 1,885,725.10		174,908.50				(11,718.75)
19	Construction of New Bus Garage	\$ 163,189.75	\$ 2,048,914.85		174,908.50				(11,718.75)
20	Construction of New Bus Garage	\$ 163,189.75	\$ 2,212,104.60		174,908.50				(11,718.75)
21	Remodel Old Bus Garage	\$ 127,896.87	\$ 2,340,001.47				139,615.62		(11,718.75)
22	Remodel Old Bus Garage	\$ 127,896.87	\$ 2,467,898.33				139,615.62		(11,718.75)
23	Remodel Old Bus Garage	\$ 127,896.87	\$ 2,595,795.20				139,615.62		(11,718.75)
24	Remodel Old Bus Garage	\$ 127,896.87	\$ 2,723,692.07				139,615.62		(11,718.75)
25	Remodel Old Bus Garage	\$ 127,896.87	\$ 2,851,588.93				139,615.62		(11,718.75)
26	Remodel Old Bus Garage	\$ 127,896.87	\$ 2,979,485.80				139,615.62		(11,718.75)
27	Remodel Old Bus Garage	\$ 127,896.87	\$ 3,107,382.67				139,615.62		(11,718.75)
28	Remodel Old Bus Garage	\$ 127,896.87	\$ 3,235,279.53				139,615.62		(11,718.75)
29	Remodel Old Bus Garage	\$ 127,896.87	\$ 3,363,176.40				139,615.62		(11,718.75)
30	Remodel Old Bus Garage	\$ 127,896.87	\$ 3,491,073.27				139,615.62		(11,718.75)
31	Remodel Old Bus Garage	\$ 127,896.87	\$ 3,618,970.13				139,615.62		(11,718.75)
32	Remodel Old Bus Garage	\$ 127,896.87	\$ 3,746,867.00				139,615.62		(11,718.75)

Attachment # 9

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

- Per Florida Statute 1001.42 Powers and duties of district school boards, the Wakulla County School Board is responsible for the execution of plans and operation of the school of the district. This includes career classes and schools.
- Also attached is a letter from Lively Technical Center.



500 North Appleyard Drive • Tallahassee, FL 32304 • Phone: 850.487.7555 • Fax: 850.922.3880 • www.livelytech.com

December 4, 2017

To Triumph Gulf Coast Board:

Lively Technical Center is proud to work in partnership with Wakulla County Schools and strongly supports their proposal for of the Wakulla Career and Technical Education Center from the Triumph Gulf Coast settlement funds. Our partnership works to creating opportunities for students to pursue a post-secondary career and technical education through dual enrollment opportunities. Career and technical career fields are becoming increasingly innovative and expand into high-demand industries such as manufacturing, engineering, building/construction and transportation. Strong career and technical education programs offer students extensive academic and technical skills in order to build the necessary abilities for students to have adaptability and competitiveness in the workforce.

Through our partnership with Wakulla County Schools and this new opportunity, Wakulla will be able to expand their on campus career and technical program offerings. Through a combination of both high school courses and state approved post-secondary adult vocational (PSAV) programs, Wakulla will be able to move their automotive program to their campus and begin a heating, ventilation, and air conditioning program (HVAC).

The continued partnership with Wakulla County Schools will allow Lively to work hand in hand with them as we expand educational opportunities to meet the ever-growing workforce demands of the Wakulla and surrounding communities. Lively will continue to offer articulation opportunities for programs as well as to assist with job placement and extend support for instructors, books, equipment and technology support.

Lively currently offers a partnership with Wakulla County Schools for on campus programs in Practical Nursing, Welding and Automotive Maintenance and Light Repair Tech. Additionally, Wakulla County students are offered dual enrollment opportunities on Lively's campus during their junior and senior year. Funding for the Wakulla Career and Technical Education Center will only allow our partnership to grow to meet the needs of more students as well as address community workforce needs.

Lively Technical Center is committed to continuing our partnership with Wakulla County Schools and knows the addition of the Wakulla Career and Technical Education Center will only strengthen our relationship.

Sincerely,

A handwritten signature in black ink that reads 'Shelly L. Bell'. The signature is written in a cursive, flowing style.

Shelly L. Bell
Director Career, Technical and Adult Education
Leon County Schools

Attachment # 10

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

For the Automotive Program if the students do not continue into post-secondary, they can enter the workforce as a Quick Service Technician, Private Fleet Maintenance Technician, entry level automobile dealer positions in brakes, tires and General Maintenance Repair Technician. If they decide to move forward to post-secondary through WCSB's partnership with Lively Technical Center they could leave to enter positions such as General Service Technician, Lubrication Technician, or Line Technician. The starting hourly rate is \$12-17 per hour, but that can be misleading due to the majority of technicians work on commission. On commission, the technician may perform 12 hours of work in an eight hour shift so the yearly income will be different than calculating the hourly (*G. Hoover, personal communication, November 16, 2018*). According to the 2017-18 Regional Demand Occupations List for Workforce Development Area 5, Automotive Service Technicians and Mechanics have an annual percent growth rate of 1.10 with an hourly mean wage of \$17.19. In region 5 alone, 35 jobs are anticipated annually (*Regional Demand Occupations List, 2017*).

Through the Heating, Ventilation, and Air Conditioning program, students can get certification for the Heating, Air Conditioning, and Refrigeration Mechanics and Installers. This has an hourly mean wage of \$19.24 with 17 jobs expected annually (*Regional Demand Occupations List, 2018*).

WAKULLA COUNTY SCHOOLS
Remodel For Automotive & HVAC Labs
COST ANALYSIS - 10-12-17

NEW CONSTRUCTION - TOTAL GSF 7,483
 COST PER GSF \$185.00

TOTAL CONSTRUCTION PROJECT COST \$ 1,384,355

Professional Fees (Architectural, Mechanical, Electrical, Plumbing, Structural, etc.)	\$ 120,162
Reimbursables (Civil, Survey, etc.)	\$ 35,000
Fixtures, Furniture & Equipment	\$ 75,000
Electronics (Touchpanels, Overhead Projectors, smartboard, etc.)	\$ 20,000
Low Voltage Wiring & Equipment for Data, Intercom, A/V, Security, Clocks, etc.	\$ 75,000
Permitting Fees (Environmental & Site)	\$ 50,000
Utilities Extension	\$ 80,000

Total Project Cost Estimate \$ 1,839,517

WAKULLA COUNTY SCHOOLS
New Bus Barn
COST ANALYSIS - 10-12-17

NEW CONSTRUCTION - TOTAL GSF 5,678
 COST PER GSF \$180.00

TOTAL CONSTRUCTION PROJECT COST \$ 1,022,040

Professional Fees (Architectural, Mechanical, Electrical, Plumbing, Structural, etc.)	\$ 79,310
Reimbursables (Civil, Survey, Geotechnical, Environmental, etc.)	\$ 100,000
Fixtures, Furniture & Equipment (Including 2 Bus Lifts)	\$ 100,000
Low Voltage Wiring/Equip for Data, A/V, Security, etc.	\$ 50,000
Permitting Fees (Environmental & Building)	\$ 50,000
Land Clearing & Site Improvements	\$ 36,000
DOT Turn Lanes	\$ 250,000
Parking (60 Buses & 80 Cars)	\$ 360,000
Diesel & Gas Fuel Tank Relocation	\$ 50,000
Fencing	\$ 85,000
Utility Extension - Water	\$ 60,000
Sewer Lift Station	\$ 40,000
<u>Total Project Cost Estimate</u>	<u>\$ 2,282,350</u>

Attachment # 12

- A. Will this proposal support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties? If yes, please identify where the campuses are located and provide details on how the proposed programs will prepare students for future occupations and at which K-20 institutions that programs will be provided.

The Wakulla Career and Technical Center will be housed at 3237 Coastal Highway, Crawfordville, Florida. This is the same campus as Wakulla High School, so students have easy access to the facility.

The Center will prepare students for future occupations by providing multiple programs with instructors and an industry certifications tied to each program and each student. The two programs that will be located there initially are the Florida Automobile Dealers Association (FADA) Certified Technician program and the second is the American Technician Excellence (NATEX) and HVAC Excellence Employment Ready programs and the 608 Freon Certification exam. When students exit this program, they will have earned both an industry certification they can use to enter directly into the workforce or they can articulate clock hours into Lively Technical Center for accelerated coursework in their chosen field. Additionally, depending on funding, more programs can be added to this location in the future.

- B. The proposed program will:

- a. *Increase students' technology skills and knowledge*

The Maintenance & Light Repair program provides students with an overview of the automotive industry and a basic understanding of how each system within an automobile works. Students learn shop safety, how to operate basic hand, power, and lifting tools as well as the major measuring instruments and devices used by automotive technicians. This course provides entry-level training in automotive maintenance and light repair service. It will also provide students with an overview of automotive quick services and new/used vehicle preparation. It covers vehicle inspections, preparing estimates, changing fluids and filters, proper hazardous waste disposal, minor electrical repairs, and road-testing techniques. Students learn how to inspect and evaluate vehicle systems to determine if advanced levels of repairs are needed. This course is intended as a first course for automotive students or as a basic core course for the entire automotive program. Many STEM skills will be learned in this program.

The curriculum is based on the task requirements of The Florida Department of Education and the National Automotive Technician Education Foundation (NATEF) and Automotive Service Excellence (ASE) certification standards.

This course provides entry-level training in servicing and quick-service maintenance of motor vehicles. Instruction will include introduction to brake services, steering and suspension, and electrical and engine-performance systems. Students in this course will use equipment including tire machines, brake lathes, wheel balancers, power and hand tools, voltmeters, battery testers, battery chargers, vehicle lifting equipment, fluid exchange equipment, scan tools and lube equipment.

The HVAC curriculum falls under the framework of architecture and construction. The purpose of the program is to prepare students for the workforce in heating, air-conditioning and refrigeration and ventilation industry. Elements of electricity and electrical components are mingled with math and design as it relates to circuits and boards. Students will be required to learn data analysis with pressure and temperature charts along with multiple other facets of the standards (*Florida Department of Education, Curriculum Frameworks, 2017*). Again, many STEM skills will be learned throughout this curriculum.

b. *Encourage industry certifications*

Each student enrolled in the Automotive Program will sit for the FADA exam. And students enrolled in the HVAC Program can sit for either the 608 Freon Certification exam or one or all of three HVAC Excellences Exams.

c. *Provide rigorous, alternative pathways for students to meet high school graduation requirements*

Students enrolled in the programs will meet their high school graduation requirements with the support of a career and technical mentor. This helps to cultivate not only the academic side of the student, but the skill development of the employee. Students who attend these courses will have a clear purpose and direction for their future and standards such as creativity and innovation are embedded into both programs.

d. *Strengthen career readiness initiatives*

Based on the Northwest Florida's economic development strengths, weaknesses, opportunities, and threats (SWOT) analysis, Wakulla's weaknesses include insufficient funding for workforce development and training along with generational pockets of poverty (*Northwest Florida Forward Strategic Plan, 2017, p. 5*). The funding associated with this legislation can pave the way for citizens to increase their diversification regarding workforce training. One of the goals for the region is to levy the existing talent and expand the industry clusters for new and growing businesses (*Northwest Florida Forward Strategic Plan, 2017 p. 7*).

C. Will this proposal provide participants in the disproportionately affected counties with transferable, sustainable workforce skills but not confined to a single employer?

Yes. The facility will house two separate programs with plans to continue to add programs based on need and funding. Due to the number of standards and skills required for students to earn their certifications, they will be able to take pieces to other areas of interest. Such as careers in electricity, different areas of manufacturing, and securing environmental resources.

Attachment # 13

Provide a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote:

- Economic recovery
- Economic diversification
- Enhancement of the disproportionately affected counties
- Enhancement of a Targeted Industry

Economic recovery

Economic recovery can be measure by key benchmarks. Consumer confidence, manufacturing, total retail sales, unemployment rate, and labor productivity to name a few. (Gitis, B., Gray, G., 2015 *State of The Economic Recovery: 5 Economic Indicators To Watch* Retrieved from <https://www.americanactionforum.org/research/state-of-the-economic-recovery-5-economic-indicators-to-watch/>). The items mentioned above are interconnected based on household income. The primary goals for this project are to educate the workforce without cost to the consumer and to generate consumer confidence, or people's willingness to buy items or make investments, by increasing their overall mean household income. By following the Northwest Florida Forwards Strategy Report we can connect the talent assets of the region to specific industry clusters, including manufacturing (*Northwest Florida Forward Strategy Report, pg 12*). Manufacturing is a dynamic growing industry and skills can be developed in high school through this program. Industry certifications for HVAC will increase from 0 to 5-10 certifications in the first year, with an anticipation of 25 certifications per year by year three of the program.

Economic diversification

The range of economic outputs will be measured by the increase in the number of industry certifications and jobs generated from the facility. Ultimately, the goal is to increase the number of programs housed close to Wakulla High School to create an even more diverse and unique presence in the region. The industry certifications will be directly tied to manufacturing and STEM related fields. See chart below.

INDUSTRY CERTIFICATIONS

	HVAC	Auto
2016	0	13
2017	0	10
2018	0	10
2019	5	15
2020	10	20
2021	15	25

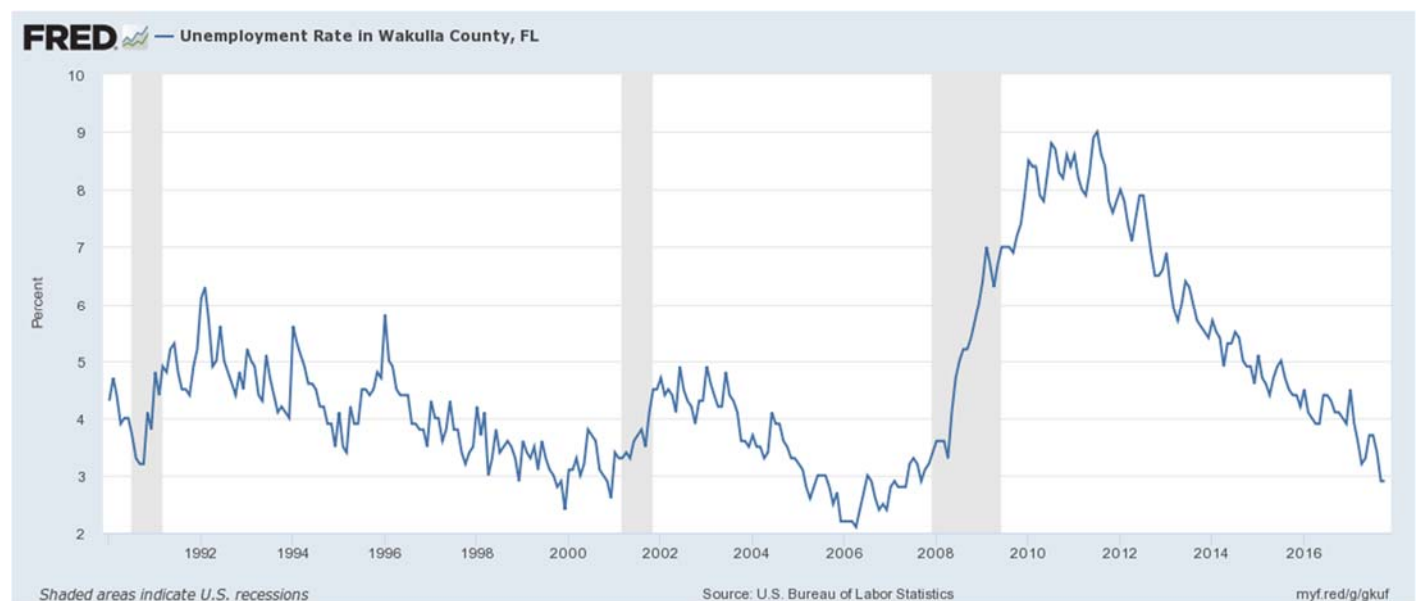
In addition, economic diversification will be achieved as students earn more than one certification along the way. They will be mentored to see what jobs would be available at each exit point along their educational career route, so the programs will appeal to students varying degrees of interest and abilities.

Enhancement of the disproportionately affected counties

The main enhancement the affected counties will have is a highly trained workforce with transferable skills along with an increase in employment rate. The graph below depicts the unemployment rate in Wakulla County, Florida. Wakulla hit an all-time high in unemployment in 2011/2012 and slowly is recovering (FRED Economic Research, 2017, <https://fred.stlouisfed.org/series/FLWAKU9URN>). While unemployment rates are decreasing, now is the time to focus on an increase for median household income.

According to the Small Area Income and Poverty Estimates: 2016 (SAIPE) generated by the U.S. Census Bureau in November 2017 the median household income of Wakulla County in 2016 was between \$22,045 to \$38,958 with the national average being \$57,617 to \$67,967. The percent change in the median household income of Wakulla from 2015 to 2016 was -7.7 to -1.8. This helps create a 19.2 to 24.4% poverty rate for Wakulla while the rest of the nation is resting at a 14.0 to 19.1% poverty rate (Gann, C., Bowers, L., Mouser, J., Taciak, J. *Small Area Income and Poverty Estimates:2016*, <https://www.census.gov/content/dam/Census/library/publications/2017/demo/p30-02.pdf>)

WCSB is charged with the responsibility of educating its community and preparing their graduates for post-secondary education or the workforce. With additional workforce development programs in place not only will Wakulla see an increase in median household income, but may also move to a state of less poverty.



Enhancement of a Targeted Industry

Industries targeted in the Northwest Florida Forward strategic report all have one thing in common, they are STEM related fields. Science, Technology, Engineering and Math are the foundation of the future. Enhancement of these industries required a sound base of instruction regarding critical thinking and problem solving skills. To bolster the economy are target areas in need, programs can be created. The talent pipeline for areas such as aerospace, finance, cyber security and advanced manufacturing are all listed as targeted industries. (*Northwest Florida Forward Strategy Report, pg III*). With the amount requested, WCSB would not be able to target all these industries, however advanced manufacturing is included.

Standards in the Automotive and HVAC curriculum teach students electrical components, such as maintenance and testing of motors, test and adjusting commercial evaporative condensers, utilize and operate mechanical refrigeration servicing and testing equipment, along with so much more (*Florida Department of Education, 2017/2018 Curriculum Frameworks, Air Conditioning, Refrigeration and heating Technology*). The only way to enhance a current field is to train students to be diverse and to think in a manner conducive to the 21st Century.