State of Florida Auditor General

Financial, Operational, and Federal Single Audit

Report No. 2016-107
March 2016

BAKER COUNTY DISTRICT SCHOOL BOARD

For the Fiscal Year Ended
June 30, 2015

Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2014-15 fiscal year, Sherrie Raulerson served as Superintendent and the following individuals served as Board members:

	District No.
Earl Dwight Crews, Vice Chair	1
Richard Dean Griffis	2
Naomi C. Roberson to 11-17-14	3
Paula T. Barton from 11-18-14	3
Charlie M. Burnett	4
Patricia C. Weeks, Chair	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 audit was supervised by Cathy L. Bandy, CPA.

Please address inquiries regarding this report to Douglas R. Conner, CPA, Audit Supervisor, by e-mail at dougconner@aud.state.fl.us or by telephone at (850) 412-2730.

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State of Florida Auditor General

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BAKER COUNTY DISTRICT SCHOOL BOARD

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BAKER COUNTY DISTRICT SCHOOL BOARD

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster and WIA Youth Activities programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

AUDIT OBJECTIVES AND SCOPE

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

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;
- Established internal controls that promote and encourage: (1) compliance with applicable laws, rules, regulations, contracts, and grant agreements; (2) the economic and efficient operation of the District; (3) the reliability of records and reports; and (4) the safeguarding of District assets;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and
- Taken corrective actions for findings included in our report No. 2015-112.

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, 2015. 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

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

AUDITOR GENERAL
STATE OF FLORIDA

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Auditor General

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management 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 45 percent of the assets and 68 percent of the liabilities of the aggregate remaining fund information. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school internal funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Baker County District School Board, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, 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 required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The 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 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

Sherrill F. Norman, CPA
Tallahassee, Florida
March 3, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Baker 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, 2015. 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 2014-15 fiscal year are as follows:

- As of June 30, 2015, the assets and deferred outflows of resources exceed the liabilities and deferred inflows of resources by $23,247,922. Of this amount, $16,060,294 represents a deficit in unrestricted net position, which is primarily due to the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- In total, net position decreased $17,702,224, which represents a 43.2 percent decrease from the 2013-14 fiscal year.
- General revenues total $39,277,453, or 92.6 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total $3,119,666, or 7.4 percent of all revenues.
- Expenses total $43,281,947. Only $3,119,666 of these expenses was offset by program specific charges, with the remainder paid from general revenues.
- At the end of the current fiscal year, the fund balance of the General Fund totals $4,338,032, which is $914,864 less than the prior fiscal year balance. The General Fund total assigned and unassigned fund balance was $4,094,319, or 11.5 percent of total General Fund revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the 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 Service Fund, Debt Service – Other Debt Service Fund, and Capital Projects – Local Capital Improvement Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

Proprietary Fund: Proprietary funds may be established to account for activities in which a fee is charged for services. The District uses an internal service fund to account for its employee supplemental insurance program. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. 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 liabilities 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, 2015, compared to net position as of June 30, 2014:

Net Position, End of Year

	Governmental Activities	
	6-30-15	**6-30-14**
Current and Other Assets	$ 10,171,645	$ 10,967,393
Capital Assets	40,756,057	42,019,606
Total Assets	50,927,702	52,986,999
Deferred Outflows of Resources	3,309,401	-
Long-Term Liabilities	22,336,933	11,019,597
Other Liabilities	1,394,821	1,017,256
Total Liabilities	23,731,754	12,036,853
Deferred Inflows of Resources	7,257,427	-
Net Position:		
Net Investment in Capital Assets	35,141,704	35,839,586
Restricted	4,166,512	4,426,254
Unrestricted (Deficit)	(16,060,294)	684,306
Total Net Position	$ 23,247,922	$ 40,950,146

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

The District's combined net position decreased by $17,702,224, from $40,950,146 at June 30, 2014, to $23,247,922 at June 30, 2015. The decrease in net position is primarily attributable to the implementation of GASB Statement No. 68, which is a change in accounting principle that requires employers participating in cost-sharing multiple-employer defined pension plans to report the employers' proportionate share of the net pension liability and related pension amounts of the defined benefit pension plans, resulting in an increase in beginning long-term liabilities of $18,607,436 as well as deferred outflows of resources of $3,309,401 and deferred inflows of resources of $7,257,427.

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

Operating Results for the Fiscal Year Ended

	Governmental Activities	
	6-30-15	**6-30-14**
Program Revenues:		
Charges for Services	$ 916,486	$ 1,017,140
Operating Grants and Contributions	1,945,240	1,716,314
Capital Grants and Contributions	257,940	168,293
General Revenues:		
Property Taxes, Levied for Operational Purposes	5,116,524	5,057,146
Property Taxes, Levied for Capital Projects	1,330,182	1,291,698
Grants and Contributions Not Restricted to Specific Programs	32,460,327	31,779,860
Unrestricted Investment Earnings	72,502	70,801
Miscellaneous	297,918	727,324
Total Revenues	42,397,119	41,828,576
Functions/Program Expenses:		
Instruction	21,680,538	21,941,418
Student Personnel Services	1,944,267	1,975,951
Instructional Media Services	684,986	641,183
Instruction and Curriculum Development Services	991,618	1,068,153
Instructional Staff Training Services	567,536	657,988
Instructional-Related Technology	276,072	276,674
Board	448,516	547,404
General Administration	363,036	386,240
School Administration	1,941,210	2,081,163
Facilities Acquisition and Construction	1,826,784	385,455
Fiscal Services	607,374	627,583
Food Services	2,060,702	2,202,835
Central Services	379,145	400,377
Student Transportation Services	2,944,941	2,935,641
Operation of Plant	3,186,657	3,441,423
Maintenance of Plant	1,135,857	1,129,058
Administrative Technology Services	560,199	821,996
Community Services	199,247	208,136
Unallocated Interest on Long-Term Debt	100,964	125,987
Unallocated Depreciation Expense	1,382,298	1,378,958
Total Functions/Program Expenses	43,281,947	43,233,623
Change in Net Position	(884,828)	(1,405,047)
Net Position, Beginning of Year	40,950,146	42,355,193
Adjustment to Beginning Net Position (1)	(16,817,396)	-
Net Position - Beginning, as Restated	24,132,750	42,355,193
Net Position - Ending	$ 23,247,922	$ 40,950,146

Note: (1) Adjustment to beginning net position is due to the implementation of GASB Statement No. 68.

The largest revenue source is the State of Florida (69.5 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.

Facilities Acquisition and Construction expenses increased by $1,441,329 to finance a major heating, ventilating, and air condition (HVAC) renovation project at the Baker County High School.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

The total fund balances of governmental funds decreased by $1,250,902 during the fiscal year to $8,343,609 at June 30, 2015. Approximately 44.6 percent of this amount is unassigned fund balance ($3,722,741), which is available for spending at the District's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is (1) not in spendable form ($153,848), (2) restricted for particular purposes ($4,095,441), or (3) assigned for particular purposes ($371,579).

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance is $3,722,741, while the total fund balance is $4,338,032. As a measure of the General Fund's liquidity, it may be useful to compare the total assigned and unassigned fund balances to General Fund total revenues. The total assigned and unassigned fund balance is 11.5 percent of the total General Fund revenues, while total fund balance represents 12.2 percent of total General Fund revenues. Total fund balance decreased by $914,864 during the fiscal year mainly due to an increase in employee salary expense as a result of employee raises.

The Special Revenue – Food Service Fund has a total fund balance of $1,112,361, which is restricted for the operation of the food service program. It should be noted that $71,071 of the fund balance is nonspendable.

The Debt Service – Other Debt Service Fund has a total fund balance of $1,677,741, which is restricted for the payment of debt service on the Qualified Zone Academy Bond (QZAB). The fund balance increased by $205,057 due to transfers in from the Capital Projects – Local Capital Improvement Fund and investment interest earned as the District accumulates resources for the lump sum QZAB principal payment due in the 2021-22 fiscal year.

The Capital Projects – Local Capital Improvement Fund has a total fund balance of $1,082,317, a decrease of $706,137, or 39.5 percent, from the prior fiscal year. Revenues from local property taxes in this fund totaled $1,330,182. Fund balance decreased because the District used the moneys for a major HVAC renovation project at Baker County High School.

Proprietary Fund

The District's internal service (proprietary) fund information is reported with governmental activities in the government-wide financial statements, whereas, the proprietary fund statements provide more detail. Unrestricted net position of the internal service fund increased by $77,589 during the 2014-15 fiscal year to $433,215 at June 30, 2015. This increase occurred primarily because of decreased insurance claims expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2014-15 fiscal year, the District amended its General Fund budget once, primarily to adjust planned expenditures between functional categories. There were no significant variances between the original and final budgeted amounts.

Actual revenues were less than original budgeted amounts by $100,642, while actual expenditures were less than original budgeted amounts by $2,618,534, or 6.7 percent,. The actual ending fund balance exceeded the estimated fund balance in the final amended budget by $2,592,571 mainly because local revenues exceeded projected revenues and expenditures for instructional salaries and benefits were less than anticipated.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2015, is $40,756,058 (net of accumulated depreciation). This investment in capital assets includes land; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and audio visual materials and computer software. The total decrease in capital assets for the current fiscal year was approximately 3 percent.

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

Long-Term Debt

At June 30, 2015, the District has total long-term debt outstanding of $5,614,353, composed of $91,000 of bonds payable and $5,523,353 of certificates of participation.

The Florida Department of Education issued Capital Outlay Refunding Bonds, Series 2014B, to refund $95,000 of the District's State School Bonds, Series 2005A. The District's portion of the refunding bonds was $91,000.

During the current fiscal year, retirement of debt was $656,667, including $95,000 in defeased debt and $561,667 in debt repayments.

Additional information on the District's long-term debt can be found in Note III.G. to the financial statements.

Other Matters of Significance

At the time of the preparation of these financial statements, the District was not aware of any existing circumstances that would significantly affect the operations of the District.

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 Executive Director for Support Services, Baker County District School Board, 392 South Boulevard East, Macclenny, Florida, 32063.

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Baker County District School Board
Statement of Net Position
June 30, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 8,084,062.07
Investments	2,743.70
Due from Other Agencies	253,249.05
Inventories	153,848.39
Restricted Investments	1,677,741.39
Capital Assets:	
Nondepreciable Capital Assets	1,273,919.96
Depreciable Capital Assets, Net	39,482,137.54
TOTAL ASSETS	50,927,702.10
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	3,309,401.00
LIABILITIES	
Accrued Salaries and Benefits	6,683.85
Payroll Deductions and Withholdings	490,825.70
Accounts Payable	555,502.31
Construction Contracts Payable	219,080.55
Construction Contracts Payable - Retained Percentage	66,871.20
Due to Other Agencies	4,231.43
Estimated Insurance Claims Payable	42,549.10
Advanced Revenues	9,076.47
Long-Term Liabilities:	
Portion Due Within One Year	1,193,951.67
Portion Due After One Year	21,142,981.46
TOTAL LIABILITIES	23,731,753.74
DEFERRED INFLOWS OF RESOURCES	
Pensions	7,257,427.00
NET POSITION	
Net Investment in Capital Assets	35,141,704.20
Restricted for:	
State Required Carryover Programs	160,935.47
Debt Service	1,680,485.09
Capital Projects	1,212,730.89
Food Service	1,112,361.03
Unrestricted	(16,060,294.32)
TOTAL NET POSITION	$ 23,247,922.36

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

Baker County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2015

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Governmental Activities:			
Instruction	$ 21,680,537.87	$ 173,663.35	$ -
Student Personnel Services	1,944,266.60	-	-
Instructional Media Services	684,986.17	-	-
Instruction and Curriculum Development Services	991,618.51	-	-
Instructional Staff Training Services	567,536.02	-	-
Instructional-Related Technology	276,072.01	-	-
Board	448,515.91	-	-
General Administration	363,035.79	-	-
School Administration	1,941,210.46	-	-
Facilities Acquisition and Construction	1,826,783.62	-	-
Fiscal Services	607,374.51	-	-
Food Services	2,060,702.19	516,724.60	1,945,239.47
Central Services	379,144.74	-	-
Student Transportation Services	2,944,940.74	492.69	-
Operation of Plant	3,186,656.97	-	-
Maintenance of Plant	1,135,856.64	-	-
Administrative Technology Services	560,198.59	-	-
Community Services	199,246.64	225,605.45	-
Unallocated Interest on Long-Term Debt	100,964.41	-	-
Unallocated Depreciation Expense*	1,382,298.25	-	-
Total Governmental Activities	$ 43,281,946.64	$ 916,486.09	$ 1,945,239.47

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
Adjustment to Beginning Net Position
Net Position - Beginning, as Restated

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.

	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	$ -	$ (21,506,874.52)
	-	(1,944,266.60)
	-	(684,986.17)
	-	(991,618.51)
	-	(567,536.02)
	-	(276,072.01)
	-	(448,515.91)
	-	(363,035.79)
	-	(1,941,210.46)
	57,570.98	(1,769,212.64)
	-	(607,374.51)
	-	401,261.88
	-	(379,144.74)
	-	(2,944,448.05)
	-	(3,186,656.97)
	98,718.00	(1,037,138.64)
	-	(560,198.59)
	-	26,358.81
	101,651.14	686.73
	-	(1,382,298.25)
	$ 257,940.12	(40,162,280.96)
		5,116,523.41
		1,330,182.28
		32,460,326.97
		72,502.42
		297,918.28
		39,277,453.36
		(884,827.60)
		40,950,145.96
		(16,817,396.00)
		24,132,749.96
		$ 23,247,922.36

Baker County District School Board
Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	Special Revenue - Food Service Fund	Debt Service - Other Debt Service Fund
ASSETS			
Cash and Cash Equivalents	$ 4,963,819.34	$ 1,160,147.94	$ -
Investments	-	-	-
Due from Other Funds	283,376.71	-	-
Due from Other Agencies	77,212.17	4,214.94	-
Inventories	82,777.18	71,071.21	-
Restricted Investments	-	-	1,677,741.39
TOTAL ASSETS	$ 5,407,185.40	$ 1,235,434.09	$ 1,677,741.39
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Salaries and Benefits	$ 6,683.85	$ -	$ -
Payroll Deductions and Withholdings	459,237.23	11,798.57	-
Accounts Payable	467,374.46	10,881.41	-
Construction Contracts Payable	-	-	-
Construction Contracts Payable - Retained Percentage	-	-	-
Due to Other Funds	131,626.53	100,393.08	-
Due to Other Agencies	4,231.43	-	-
Advanced Revenues	-	-	-
Total Liabilities	1,069,153.50	123,073.06	-
Fund Balances:			
Nonspendable:			
Inventories	82,777.18	71,071.21	-
Restricted for:			
State Required Carryover Programs	160,935.47	-	-
Debt Service	-	-	1,677,741.39
Capital Projects	-	-	-
Food Service	-	1,041,289.82	-
Total Restricted Fund Balance	160,935.47	1,041,289.82	1,677,741.39
Assigned for Board Approved Budget Items	371,578.42	-	-
Unassigned Fund Balance	3,722,740.83	-	-
Total Fund Balances	4,338,031.90	1,112,361.03	1,677,741.39
TOTAL LIABILITIES AND FUND BALANCES	$ 5,407,185.40	$ 1,235,434.09	$ 1,677,741.39

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$ 1,220,452.10	$ 263,878.51	$ 7,608,297.89
-	2,743.70	2,743.70
187,299.82	-	470,676.53
-	171,821.94	253,249.05
-	-	153,848.39
-	-	1,677,741.39
$ 1,407,751.92	$ 438,444.15	$ 10,166,556.95
$ -	$ -	$ 6,683.85
-	19,789.90	490,825.70
12,168.05	65,078.39	555,502.31
219,080.55	-	219,080.55
66,871.20	-	66,871.20
27,315.38	211,341.54	470,676.53
-	-	4,231.43
-	9,076.47	9,076.47
325,435.18	305,286.30	1,822,948.04
-	-	153,848.39
-	-	160,935.47
-	2,743.70	1,680,485.09
1,082,316.74	130,414.15	1,212,730.89
-	-	1,041,289.82
1,082,316.74	133,157.85	4,095,441.27
-	-	371,578.42
-	-	3,722,740.83
1,082,316.74	133,157.85	8,343,608.91
$ 1,407,751.92	$ 438,444.15	$ 10,166,556.95

Baker County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Funds		$ 8,343,608.91
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.		40,756,057.50
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		433,215.08
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	$ 91,000.00	
Certificates of Participation Payable	5,523,353.30	
Compensated Absences Payable	3,248,223.83	
Net Pension Liability	11,948,356.00	
Other Postemployment Benefits Payable	1,526,000.00	(22,336,933.13)
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	$ 3,309,401.00	
Deferred Inflows Related to Pensions	(7,257,427.00)	(3,948,026.00)
Net Position - Governmental Activities		$ 23,247,922.36

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

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Baker County District School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue - Food Service Fund	Debt Service - Other Debt Service Fund
Revenues			
Intergovernmental:			
Federal Direct	$ 52,685.63	$ -	$ -
Federal Through State and Local	626,893.77	1,916,646.47	-
State	29,183,795.58	28,593.00	-
Local:			
Property Taxes	5,116,523.41	-	-
Impact Fees	-	-	-
Charges for Services - Food Service	-	516,724.60	-
Miscellaneous	714,649.87	4,036.35	40,646.02
Total Local Revenues	5,831,173.28	520,760.95	40,646.02
Total Revenues	35,694,548.26	2,466,000.42	40,646.02
Expenditures			
Current - Education:			
Instruction	21,058,495.15	-	-
Student Personnel Services	1,789,266.74	-	-
Instructional Media Services	707,912.89	-	-
Instruction and Curriculum Development Services	619,913.93	-	-
Instructional Staff Training Services	214,092.06	-	-
Instructional - Related Technology	284,356.48	-	-
Board	362,169.10	-	-
General Administration	296,154.98	-	-
School Administration	2,004,818.30	-	-
Facilities Acquisition and Construction	-	-	-
Fiscal Services	626,969.39	-	-
Food Services	14,588.78	2,079,284.12	-
Central Services	434,728.42	-	-
Student Transportation Services	2,537,188.77	-	-
Operation of Plant	3,227,642.40	-	-
Maintenance of Plant	1,156,945.53	-	-
Administrative Technology Services	567,171.29	-	-
Community Services	203,484.30	-	-
Fixed Capital Outlay:			
Facilities Acquisition and Construction	4,700.00	-	-
Other Capital Outlay	37,323.60	19,989.00	-
Debt Service:			
Principal	466,666.67	-	-
Interest and Fiscal Charges	93,541.35	-	-
Total Expenditures	36,708,130.13	2,099,273.12	-
Excess (Deficiency) of Revenues Over Expenditures	(1,013,581.87)	366,727.30	40,646.02
Other Financing Sources (Uses)			
Transfers In	98,718.00	-	164,411.00
Proceeds from Sale of Refunding Bonds	-	-	-
Premium on Sale of Refunding Bonds	-	-	-
Payments to Refunding Escrow Agent	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	98,718.00	-	164,411.00
Net Change in Fund Balances	(914,863.87)	366,727.30	205,057.02
Fund Balances, Beginning	5,252,895.77	745,633.73	1,472,684.37
Fund Balances, Ending	$ 4,338,031.90	$ 1,112,361.03	$ 1,677,741.39

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

Capital Projects - Local Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 52,685.63
-	2,455,745.32	4,999,285.56
-	257,940.12	29,470,328.70
1,330,182.28	-	6,446,705.69
-	143,718.96	143,718.96
-	-	516,724.60
6,160.67	-	765,492.91
1,336,342.95	143,718.96	7,872,642.16
1,336,342.95	2,857,404.40	42,394,942.05
-	1,285,847.70	22,344,342.85
-	218,586.14	2,007,852.88
-	-	707,912.89
-	402,843.45	1,022,757.38
-	368,184.77	582,276.83
-	-	284,356.48
-	-	362,169.10
-	74,054.75	370,209.73
-	2,425.45	2,007,243.75
1,426,402.70	400,380.92	1,826,783.62
-	-	626,969.39
-	-	2,093,872.90
-	27,772.29	462,500.71
-	76,030.77	2,613,219.54
-	-	3,227,642.40
-	-	1,156,945.53
-	-	567,171.29
-	-	203,484.30
37,000.00	-	41,700.00
414,665.93	-	471,978.53
-	95,000.00	561,666.67
-	7,423.06	100,964.41
1,878,068.63	2,958,549.30	43,644,021.18
(541,725.68)	(101,144.90)	(1,249,079.13)
-	-	263,129.00
-	91,000.00	91,000.00
-	5,758.48	5,758.48
-	(98,581.49)	(98,581.49)
(164,411.00)	(98,718.00)	(263,129.00)
(164,411.00)	(100,541.01)	(1,823.01)
(706,136.68)	(201,685.91)	(1,250,902.14)
1,788,453.42	334,843.76	9,594,511.05
$ 1,082,316.74	$ 133,157.85	$ 8,343,608.91

Baker 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, 2015

Net Change in Fund Balances - Governmental Funds		$ (1,250,902.14)
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.		(1,263,548.44)
Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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 by which repayments exceed proceeds in the current fiscal year.		
Refunding Bond Issued	$ (91,000.00)	
Bonds Defeased	95,000.00	
Bond Principal Repayments	95,000.00	
Certificates of Participation Principal Repayments	466,666.67	565,666.67
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 paid in excess of the amount earned in the current fiscal year.		157,253.67
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.		(91,900.00)
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	$ 1,616,402.00	
HIS Pension Contribution	309,544.00	
FRS Pension Expense	(460,004.00)	
HIS Pension Expense	(544,928.00)	921,014.00
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of the internal service fund is reported with governmental activities.		77,588.64
Change in Net Position - Governmental Activities		$ (884,827.60)

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

Baker County District School Board
Statement of Net Position – Proprietary Fund
June 30, 2015

		Governmental Activities - Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	475,764.18
LIABILITIES		
Current Liabilities:		
Estimated Insurance Claims Payable		42,549.10
NET POSITION		
Unrestricted	$	433,215.08

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

Baker County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Premium Revenues	$ 492,156.89
OPERATING EXPENSES	
Insurance Claims	415,978.15
Operating Income	76,178.74
NONOPERATING REVENUES	
Investment Income	1,409.90
Change in Net Position	77,588.64
Total Net Position - Beginning	355,626.44
Total Net Position - Ending	$ 433,215.08

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

Baker County District School Board
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Premiums	$ 492,156.89
Cash Payments for Insurance Claims	(421,935.60)
Net Cash Provided by Operating Activities	70,221.29
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	1,409.90
Net Increase in Cash and Cash Equivalents	71,631.19
Cash and Cash Equivalents, Beginning	404,132.99
Cash and Cash Equivalents, Ending	$ 475,764.18

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ 76,178.74
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Estimated Insurance Claims Payable	(5,957.45)
Net Cash Provided by Operating Activities	$ 70,221.29

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

Baker County District School Board
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds
June 30, 2015

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 741,165.00
LIABILITIES	
Accounts Payable	$ 2,696.00
Internal Accounts Payable	738,469.00
Total Liabilities	$ 741,165.00

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

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 are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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

B. Reporting Entity

The Baker 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 Baker 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:

Blended Component Unit. A blended component unit, is in substance, part of the primary District's operations, even though it is a legally separate entity. Thus, a blended component unit is appropriately presented as funds of the District. The BCSB Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note III.G.1. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

C. Basis of Presentation: Government-wide Financial Statements

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

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

D. Basis of Presentation: Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds and the blended component unit. 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. Major individual governmental 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 – Food Service Fund – to account for the activities of the Food Service Program.
- Debt Service – Other Debt Service Fund – to account for the accumulation of resources for the repayment of Qualified Zone Academy Bonds (QZAB).
- Capital Projects – Local Capital Improvement Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, new and replacement equipment, motor vehicle purchases, and sinking fund payments on QZAB.

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

- Internal Service Fund – to account for the District's individual self-insurance programs.
- 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 governmental activities (i.e., the governmental and internal service fund) are eliminated so that only the net amount is included as internal balances in the governmental 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.

E. Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year-end). Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, pension benefits, other postemployment benefits, and compensated absences, are only recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The proprietary 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.

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, highly liquid investments with original maturities of 3 months or less. Investments classified as cash equivalents include amounts placed with the State Board of Administration (SBA) in Florida PRIME, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool.

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

2. Investments

Investments consist of amounts placed in the SBA debt service accounts for investment of debt service moneys, amounts placed with the SBA for participation in the Florida PRIME investment pool created by Section 218.405, 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.

Investments made locally are United States government instrumentality obligations consisting of a Federal Home Loan Mortgage Corporation (FHLMC) Discount Note reported at fair value.

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 average invoice price, 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 inventories are recorded as expenditures when purchased during the fiscal year and then adjusted at fiscal year-end to reflect year-end physical inventories.

4. Capital Assets

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

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

Description	Estimated Useful Lives
Improvements Other Than Buildings	20 years
Buildings and Fixed Equipment	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 15 years
Motor Vehicles	5 - 10 years
Audio Visual Materials and Computer Software	5 years

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

5. 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 has one item that qualifies for reporting in this category. The deferred outflows of resources related to pensions is 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. On the statement of net position, the District reports deferred inflows of resources related to pensions which is 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, 2015.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by approval of the Annual Financial Report, assigned fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments 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.

In addition, the District has adopted Board Policy 7.010, *School Budget System*, which provides that if feasible, at least 4 percent of the recurring expenditure budget be reserved for unforeseen events including, but not limited to, revenue and student enrollment projection shortfalls.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the 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 Baker County Property Appraiser, and property taxes are collected by the Baker County Tax Collector.

The Board adopted the 2014 tax levy on September 15, 2014. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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 Baker 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. Educational Impact Fees

Baker County (County) imposes an educational impact fee based on an ordinance adopted by the County Commission in 2006. The educational impact fee is collected for most new residential construction by the County and each municipality within the County based on an interlocal agreement. The fees are to be used solely for the purpose of providing capital improvements to the public educational system necessitated by new residential development and are not to be used for any expenditure that would be classified as a maintenance or repair expense. The authorized uses include, but are not limited to, land acquisition; facility design and construction costs; furniture and equipment; and payment of principal, interest, and related costs of indebtedness necessitated by new residential development.

5. 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.

6. 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.

7. 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 funds' principal ongoing operations. The principal operating revenues of the District's internal service fund are charges for employee health insurance premiums. Operating expenses include insurance claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. ACCOUNTING CHANGES

Governmental Accounting Standards Board Statement No. 68. The District participates in the FRS defined benefit pension and the HIS defined benefit plan administered by Florida Division of Retirement. As a participating employer, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. The beginning net position of the District was decreased by $16,817,396 due to the adoption of this Statement.

III. 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.

B. Investments

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

Investments	Maturities	Fair Value
SBA:		
Florida PRIME (1)	34 Day Average	$ 348,860.26
Debt Service Accounts	6 Months	2,743.70
United States Instrumentality Obligations:		
FHLMC Discount Note (2)	12-21-2015	1,677,741.39
Total Investments		$ 2,029,345.35

Notes: (1) This investment is reported as a cash equivalent for financial statement reporting purposes.
(2) This investment is held under a paying agent agreement in connection with the Qualified Zone Academy Bonds (QZAB) financing arrangement.

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.

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.

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

The District's investment in United States government instrumentality obligations is authorized under a forward delivery agreement with the QZAB paying agent. The investment must have a maturity date on or before December 21, 2021. The District's investment in the FHLMC Discount Note was rated A-1+ by Standard & Poor's Rating Services and P-1 by Moody's Investors Service.

Custodial Credit Risk

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

United States government instrumentality obligations are held by the trustee in the name of the District.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.

More than 5 percent of the District's investments are in a FHLMC Discount Note, a government sponsored enterprise of the United States Federal government. This investment is 83 percent of the District's total investments and 100 percent of the investments in the Debt Service – Other Debt Service Fund. This investment is made pursuant to a forward delivery agreement related to the District's QZAB (See Note III.G.1).

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	$ 1,273,919.96	$ -	$ -	$ 1,273,919.96
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	3,473,398.86	4,700.00	-	3,478,098.86
Buildings and Fixed Equipment	63,424,714.90	37,000.00	-	63,461,714.90
Furniture, Fixtures, and Equipment	1,359,438.43	103,018.53	72,003.50	1,390,453.46
Motor Vehicles	5,640,300.86	368,960.00	-	6,009,260.86
Audio Visual Materials and Computer Software	569,917.60	-	7,160.00	562,757.60
Total Capital Assets Being Depreciated	74,467,770.65	513,678.53	79,163.50	74,902,285.68
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	2,691,495.04	50,791.11	-	2,742,286.15
Buildings and Fixed Equipment	25,886,225.28	1,221,783.05	-	27,108,008.33
Furniture, Fixtures, and Equipment	1,074,771.60	78,782.89	72,003.50	1,081,550.99
Motor Vehicles	3,533,269.15	394,928.72	-	3,928,197.87
Audio Visual Materials and Computer Software	536,323.60	30,941.20	7,160.00	560,104.80
Total Accumulated Depreciation	33,722,084.67	1,777,226.97	79,163.50	35,420,148.14
Total Capital Assets Being Depreciated, Net	40,745,685.98	(1,263,548.44)	-	39,482,137.54
Governmental Activities Capital Assets, Net	$ 42,019,605.94	$ (1,263,548.44)	$ 0.00	$ 40,756,057.50

Depreciation expense was charged to functions as follows:

Function	Amount
GOVERNMENTAL ACTIVITIES	
Student Transportation Services	$ 394,928.72
Unallocated	1,382,298.25
Total Depreciation Expense - Governmental Activities	$ 1,777,226.97

D. Retirement Plans

1. Florida Retirement System (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 pension expense totaled $1,004,932 for the fiscal year ended June 30, 2015.

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 as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

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

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent 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
Elected County Officers	3.00
Senior Management Service Class	2.00

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 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary Employee	Employer (1)
FRS, Regular	3.00	7.37
FRS, Elected County Officers	3.00	43.24
FRS, Senior Management Service	3.00	21.14
DROP - Applicable to Members from All of the Above Classes	0.00	12.28
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.
(2) Contribution rates are dependent upon retirement class in which reemployed.

The District's contributions, including employee contributions, to the Plan totaled $1,616,402 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the District reported a liability of $4,194,925 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on the District's 2013-14 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the District's proportionate share was 0.068752689 percent, which was an increase of 0.002326307 from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized the Plan pension expense of $460,004. 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	$ -	$ 259,595
Change of assumptions	726,491	-
Net difference between projected and actual earnings on FRS pension plan investments	-	6,997,832
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	336,896	-
District FRS contributions subsequent to the measurement date	1,616,402	-
Total	$ 2,679,789	$ 7,257,427

The deferred outflows of resources related to pensions, totaling $1,616,402, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	**Amount**
2016	$ (1,597,799)
2017	(1,597,799)
2018	(1,597,799)
2019	(1,597,799)
2020	151,659
Thereafter	45,497
Total	$ (6,194,040)

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

Inflation	2.60 percent
Salary increases	3.25 percent, average, 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.

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

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

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

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

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	$ 17,942,252	$ 4,194,925	$ (7,240,228)

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, 2015, 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 Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26 percent of payroll pursuant to Section 112.363, Florida 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 $309,544 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions. At June 30, 2015, the District reported a net pension liability of $7,753,431 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 pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on the District's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the District's proportionate share was 0.082922229 percent, which was an increase of 0.000539509 from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized the HIS Plan pension expense of $544,928. In addition, the District reported deferred outflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources
Change of assumptions	$ 275,898
Net difference between projected and actual earnings on HIS pension plan investments	3,722
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	40,448
District contributions subsequent to the measurement date	309,544
Total	$ 629,612

The deferred outflows of resources, totaling $309,544, was related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2016	$ 51,954
2017	51,954
2018	51,954
2019	51,954
2020	51,024
Thereafter	61,228
Total	$ 320,068

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

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	4.29 percent

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

While an experience study had not been completed for the plan, the FRS Actuarial Assumptions Conference reviewed the actuarial assumptions for the plan.

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.29 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.29 percent) or 1 percentage point higher (5.29 percent) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
District's proportionate share of the net pension liability	$8,818,900	$ 7,753,431	$6,864,069

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. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. 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. Allocations to the investment member's accounts during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67

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

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; 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 $150,025 for the fiscal year ended June 30, 2015.

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, dental, and life insurance coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees pursuant to Board approval on July 16, 2007. Under this incentive, retirees receive contributions based on their years of service ranging from $169.81 per month for 10 to 19 years of service, to $212.56 per month for 30 years or more of service. 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 by action from the Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the

OPEB Plan is financed on a pay-as-you-go basis. For the 2014-15 fiscal year, 245 retirees and their dependents received other postemployment benefits. The District provided required contributions of $339,400 toward the annual OPEB cost, net of retiree contributions totaling $401,200, which represents 2 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:

Description	Amount
Normal Cost (service cost for 1 year)	$ 214,200
Amortization of Unfunded Actuarial Accrued Liability	200,300
Interest on Normal Cost and Amortization	8,200
Annual Required Contribution	422,700
Interest on Net OPEB Obligation	57,400
Adjustment to Annual Required Contribution	(48,800)
Annual OPEB Cost (Expense)	431,300
Contribution Toward the OPEB Cost	(339,400)
Increase in Net OPEB Obligation	91,900
Net OPEB Obligation, Beginning of Year	1,434,100
Net OPEB Obligation, End of Year	$ 1,526,000

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2015, and the 2 preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012-13	$ 486,300	63.4%	$ 1,275,700
2013-14	504,200	68.6%	1,434,100
2014-15	431,300	78.7%	1,526,000

Funded Status and Funding Progress. As of July 1, 2014, the most recent valuation date, the actuarial accrued liability for benefits was $6,007,500, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $6,007,500 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $20,122,800, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 29.9 percent.

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

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

The District's OPEB actuarial valuation as of July 1, 2014, used the projected unit credit cost method to estimate the unfunded actuarial liability as of June 30, 2015, and to estimate the District's 2014-15 fiscal year annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the District's long-term expectation of investment returns. The actuarial assumptions also included a payroll growth rate of 4 percent per year and an annual healthcare cost trend rate of 11 percent initially for the 2014-15 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 5 percent. The unfunded actuarial accrued liability is being amortized over a 30-year period as a level percentage of projected payroll on an open basis.

F. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Baker County District School Board is a member of the North East Florida Educational 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, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Consortium. Section 1001.42(12)(k), Florida Statutes, provides the authority for the Board 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 Putnam County District School Board serves as fiscal agent for the Consortium.

The Board contracted with a commercial insurance company to provide employee group health insurance. In addition, the Board has established self-insurance plans to provide District employees with supplemental dental, hospital indemnity, disability, and vision coverage. The dental and hospital indemnity plans are for District employees and retirees, and their dependents, and the disability and vision plans are for District employees. The plans are administered through an internal service fund. Under the dental, hospital indemnity, and vision plans, the Board contributes employee premiums as a fringe benefit. The Board also contributes specified amounts for qualifying retirees to the hospital indemnity plan. Employee dependent coverage and other coverage for retirees and their dependents are by prepaid premium.

The claims liability of $42,549.10 is reported in the internal service fund at June 30, 2015, to cover estimated incurred, but not reported, insurance claims payable of the employee supplemental insurance plans. The following schedule represents the changes in claims liability for the past 2 fiscal years for the District's self-insurance program.

Fiscal Year	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2013-14	$ 46,805.12	$ 442,718.96	$ (441,017.53)	$ 48,506.55
2014-15	48,506.55	415,978.15	(421,935.60)	42,549.10

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

G. Long-Term Liabilities

1. Certificates of Participation

Certificates of participation at June 30, 2015, are as follows:

Series	Amount Outstanding	Rates (Percent)	Term Maturity	Original Amount
Series 2005A	$ 2,333,333.30	3.65	2020	$ 7,000,000
Series 2005-QZAB	3,190,020.00	(1)	2021	3,190,020
Total Certificates of Participation	$ 5,523,353.30			$ 10,190,020

Note: (1) Interest on this debt is paid by the United States Government through the issuance of Federal income tax credits to the holder of the QZABs. The rate of return to the holders was established by the United States Government at the time of sale.

The District entered into a master financing arrangement on March 1, 2005, which was characterized as a lease-purchase agreement, with the BCSB Leasing Corporation (Leasing Corporation) whereby the District secured financing of various educational facilities, improvements, and equipment.

The financing was accomplished through the issuance of certificates of participation, by the Leasing Corporation to third party investors to be repaid from the proceeds of rents paid by the District.

Series 2005A Certificates. The District secured financing of a prekindergarten through kindergarten educational facility in the total amount of $7,000,000 through the issuance of Master Lease Program Obligations, Series 2005A. As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of $10 per year. The initial term of the lease is 20 years commencing on March 1, 2005. The properties covered by the ground lease are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreement for the benefit of the securers of the certificates.

The District properties included in the Series 2005A ground lease under this arrangement include portions of land underlying the building constructed for the prekindergarten through kindergarten educational facility and related property together with premises rights on the servient property.

Series 2005-QZAB Certificates. The Series 2005-QZAB certificates were issued under a special program whereby the certificates, bearing an original issue date of December 21, 2005, will mature in full on December 21, 2021, for the original $3,190,020 issue amount. There is no interest cost for borrowing moneys under this program. The financing proceeds were used for facilities upgrades, safety improvements, transportation equipment, and technology improvements at several designated schools, which were leased by the District from the Leasing Corporation. The schools designated for the improvements and equipment included Baker County Middle, Westside Elementary, Keller Intermediate, and Macclenny Elementary Schools. The District entered into a forward delivery agreement under which mandatory deposits (rent payments) of $164,411 are required for 16 consecutive years beginning December 21, 2006. The forward delivery agreement provides a guaranteed investment return whereby the required deposits, along with accrued interest, will be sufficient to redeem the certificates at maturity. The invested assets accumulated pursuant to the forward delivery agreement are held under a custodial agreement until the certificates mature. The Series 2005-QZAB issue is secured by the assets held under the trust agreement in the event of cancellation or default.

Minimum Lease Payments. With the exception of the Series 2005-QZAB issue as discussed above, lease payments are payable by the District, semiannually, on July 15 and January 15 at an interest rate of 3.65 percent. The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

Fiscal Year Ending June 30	Total	Principal	Interest
2016	$ 543,316.67	$ 466,666.67	$ 76,650.00
2017	526,283.34	466,666.67	59,616.67
2018	509,250.00	466,666.67	42,583.33
2019	492,216.67	466,666.67	25,550.00
2020	475,183.34	466,666.62	8,516.72
Total Minimum Lease Payments	$ 2,546,250.02	$ 2,333,333.30	$ 212,916.72

2. Bonds Payable

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

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State School Bonds:			
Series 2014B, Refunding	$ 91,000	5.0	2017

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

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

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds:			
2016	$ 71,916.73	$ 67,000.00	$ 4,916.73
2017	25,200.00	24,000.00	1,200.00
Total	$ 97,116.73	$ 91,000.00	$ 6,116.73

3. Defeased Debt

The FDOE issued Capital Outlay Refunding Bonds, Series 2014B, dated December 2, 2014, with an interest rate of 5 percent, to refund callable portions of the State School Bonds, Series 2005A, that mature on or after January 1, 2015, including District bonds totaling $95,000. The District's pro rata share of net proceeds totaling $91,000 (after deduction of $156.16 in issuance costs and underwriting fees plus an additional $1,979.17 of Series 2014B sinking fund moneys) was used to call the District's portion of the remaining outstanding debt on January 1, 2015.

4. Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable	$ 190,000.00	$ 91,000.00	$ 190,000.00	$ 91,000.00	$ 67,000.00
Certificates of Participation Payable	5,990,019.97	-	466,666.67	5,523,353.30	466,666.67
Compensated Absences Payable	3,405,477.50	401,904.79	559,158.46	3,248,223.83	400,000.00
Net Pension Liability (1)	18,607,436.00	2,388,387.00	9,047,467.00	11,948,356.00	260,285.00
Other Postemployment Benefits Payable	1,434,100.00	431,300.00	339,400.00	1,526,000.00	-
Total Governmental Activities	$ 29,627,033.47	$ 3,312,591.79	$ 10,602,692.13	$ 22,336,933.13	$ 1,193,951.67

Note: (1) The beginning balance resulted from the implementation of GASB Statement No. 68.

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

H. Fund Balance Reporting

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

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

I. Interfund Receivables and Payables

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

Funds	Interfund Receivables	Interfund Payables
Major:		
General	$ 283,376.71	$ 131,626.53
Special Revenue:		
Food Service	-	100,393.08
Capital Projects:		
Local Capital Improvement	187,299.82	27,315.38
Nonmajor Governmental	-	211,341.54
Total	$ 470,676.53	$ 470,676.53

These interfund amounts primarily represent loans to cover temporary cash deficits in pooled accounts and expenditures incurred prior to reimbursements from outside parties. These amounts are expected to be repaid within 1 year.

J. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2014-15 fiscal year:

Source	Amount
Florida Education Finance Program	$ 22,903,515.00
Categorical Educational Program - Class Size Reduction	5,148,020.00
Voluntary Prekindergarten Program	344,175.74
Motor Vehicle License Tax (Capital Outlay and Debt Service)	161,734.41
Adults with Disabilities	137,099.00
Workforce Development Program	136,035.00
Preschool Projects	103,552.08
Gross Receipts Tax (Public Education Capital Outlay)	98,718.00
School Recognition	59,910.00
Food Service Supplement	28,593.00
Discretionary Lottery Funds	16,539.00
Miscellaneous	332,437.47
Total	$ 29,470,328.70

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 2014 tax roll for the 2014-15 fiscal year:

	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	4.997	$ 4,366,388.53
Basic Discretionary Local Effort	0.748	653,603.89
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	1,310,702.98
Total	7.245	$ 6,330,695.40

The Baker County Tax Collector (Tax Collector) made errors in distributing tax collections for the 2008 through 2012 tax years, resulting in under-distribution of $1,530,262.96 of tax collections to the District. The Tax Collector has agreed to remit these tax moneys to the District over a period not to exceed 6 years, beginning with the 2013 tax year. As of June 30, 2015, the Tax Collector has remitted $533,743.58, leaving a balance to be remitted of $996,519.38.

K. Interfund Transfers

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

Funds	Interfund Transfers In	Interfund Transfers Out
Major:		
General	$ 98,718	$ -
Debt Service:		
Other Debt Service	164,411	-
Capital Projects:		
Local Capital Improvement	-	164,411
Nonmajor Governmental	-	98,718
Total	$ 263,129	$ 263,129

Transfers to the General Fund from a nonmajor capital projects fund were to reimburse allowable maintenance and renovation expenditures. The transfer from the Capital Projects – Local Capital Improvement Fund to the Debt Service – Other Debt Service Fund was for the required annual QZAB sinking fund deposit.

Budgetary Comparison Schedule
General and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental:				
Federal Direct	$ 50,000.00	$ 50,000.00	$ 52,685.63	$ 2,685.63
Federal Through State and Local	510,000.00	510,000.00	626,893.77	116,893.77
State	29,315,444.00	29,315,444.00	29,183,795.58	(131,648.42)
Local:				
Property Taxes	4,985,246.00	4,985,246.00	5,116,523.41	131,277.41
Charges for Services - Food Service	-	-	-	-
Miscellaneous	934,500.00	934,500.00	714,649.87	(219,850.13)
Total Local Revenues	5,919,746.00	5,919,746.00	5,831,173.28	(88,572.72)
Total Revenues	35,795,190.00	35,795,190.00	35,694,548.26	(100,641.74)
Expenditures				
Current - Education:				
Instruction	21,807,741.00	21,765,717.40	21,058,495.15	707,222.25
Student Personnel Services	1,965,840.00	1,965,840.00	1,789,266.74	176,573.26
Instructional Media Services	695,027.00	755,027.00	707,912.89	47,114.11
Instruction and Curriculum Development Services	791,646.00	791,646.00	619,913.93	171,732.07
Instructional Staff Training Services	365,045.00	365,045.00	214,092.06	150,952.94
Instructional - Related Technology	277,030.00	327,030.00	284,356.48	42,673.52
Board	527,704.00	527,704.00	362,169.10	165,534.90
General Administration	335,398.00	335,398.00	296,154.98	39,243.02
School Administration	2,165,391.00	2,165,391.00	2,004,818.30	160,572.70
Facilities Acquisition and Construction	32,950.00	32,950.00	-	32,950.00
Fiscal Services	669,150.00	669,150.00	626,969.39	42,180.61
Food Services	28,900.00	28,900.00	14,588.78	14,311.22
Central Services	485,310.00	485,310.00	434,728.42	50,581.58
Student Transportation Services	2,677,880.00	2,677,880.00	2,537,188.77	140,691.23
Operation of Plant	3,879,947.00	3,569,947.00	3,227,642.40	342,304.60
Maintenance of Plant	1,142,206.00	1,242,206.00	1,156,945.53	85,260.47
Administrative Technology Services	634,506.00	734,506.00	567,171.29	167,334.71
Community Services	258,326.00	258,326.00	203,484.30	54,841.70
Fixed Capital Outlay:				
Facilities Acquisition and Construction	-	4,700.00	4,700.00	-
Other Capital Outlay	-	37,323.60	37,323.60	-
Debt Service:				
Principal	466,667.00	466,667.00	466,666.67	0.33
Interest and Fiscal Charges	120,000.00	120,000.00	93,541.35	26,458.65
Total Expenditures	39,326,664.00	39,326,664.00	36,708,130.13	2,618,533.87
Excess (Deficiency) of Revenues Over Expenditures	(3,531,474.00)	(3,531,474.00)	(1,013,581.87)	2,517,892.13
Other Financing Sources				
Transfers In	98,718.00	98,718.00	98,718.00	-
Net Change in Fund Balances	(3,432,756.00)	(3,432,756.00)	(914,863.87)	2,517,892.13
Fund Balances, Beginning	5,178,217.00	5,178,217.00	5,252,895.77	74,678.77
Fund Balances, Ending	$ 1,745,461.00	$ 1,745,461.00	$ 4,338,031.90	$ 2,592,570.90

Special Revenue - Food Service Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
$ -	$ -	$ -	$ -
1,659,100.00	1,659,100.00	1,916,646.47	257,546.47
28,500.00	28,500.00	28,593.00	93.00
-	-	-	-
590,000.00	590,000.00	516,724.60	(73,275.40)
10,000.00	10,000.00	4,036.35	(5,963.65)
600,000.00	600,000.00	520,760.95	(79,239.05)
2,287,600.00	2,287,600.00	2,466,000.42	178,400.42
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,630,800.00	2,610,811.00	2,079,284.12	531,526.88
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	19,989.00	19,989.00	-
		-	-
-	-	-	-
-	-	-	-
2,630,800.00	2,630,800.00	2,099,273.12	531,526.88
(343,200.00)	(343,200.00)	366,727.30	709,927.30
-	-	-	-
(343,200.00)	(343,200.00)	366,727.30	709,927.30
745,634.00	745,634.00	745,633.73	(0.27)
$ 402,434.00	$ 402,434.00	$ 1,112,361.03	$ 709,927.03

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]
07/01/10	$ -	$ 8,261,100	$ 8,261,100	0.0%	$ 20,782,900	39.7%
07/01/12	-	6,902,000	6,902,000	0.0%	23,991,500	28.8%
07/01/14	-	6,007,500	6,007,500	0.0%	20,122,800	29.9%

Note: (1) The District's OPEB actuarial valuation used the projected unit credit cost 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)

	2014	2013
District's proportion of the FRS net pension liability	0.068752689%	0.066426382%
District's proportionate share of the FRS net pension liability	$ 4,194,925	$ 11,434,937
District's covered-employee payroll	$ 22,744,680	$ 22,115,711
District's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	18.44%	51.71%
FRS Plan fiduciary net position as a percentage of the total pension liability	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)

	2015	2014
Contractually required FRS contribution	$ 1,616,402	$ 1,505,976
FRS contributions in relation to the contractually required contribution	(1,616,402)	(1,505,976)
FRS contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 22,548,327	$ 22,744,680
FRS contributions as a percentage of covered-employee payroll	7.17%	6.62%

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)

	2014	2013
District's proportion of the HIS net pension liability	0.082922229%	0.082382720%
District's proportionate share of the HIS net pension liability	$ 7,753,431	$ 7,172,499
District's covered-employee payroll	$ 24,643,809	$ 23,933,766
District's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	31.46%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	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)

	2015	2014
Contractually required HIS contribution	$ 309,544	$ 284,064
HIS contributions in relation to the contractually required contribution	(309,544)	(284,064)
HIS contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 24,583,936	$ 24,643,809
HIS contributions as a percentage of covered-employee payroll	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 July 1, 2014, unfunded actuarial accrued liability of $6,007,500 was significantly lower than the July 1 2012, liability of $6,902,000 as a result of changes in cost and liability as discussed below:

- Claims costs were updated to reflect the most recent premium rates.
- The termination, mortality, and disability rates were updated to those rates used in the July 1, 2014, FRS pension valuation.
- Participants retiring after June 30, 2012, are now required to pay 100 percent of the medical premiums.

3. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. As of June 30, 2014, the inflation rate assumption was decreased from 3 percent to 2.6 percent, the real payroll growth assumption was decreased from 1 percent to 0.65 percent, and the overall payroll growth rate assumption was decreased from 4 percent to 3.25 percent. The long-term expected rate of return decreased from 7.75 percent to 7.65 percent.

4. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 4.63 percent to 4.29 percent.

Baker County District School Board
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass -Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	14002	$ 406,416.11
National School Lunch Program	10.555 (2)(A)	14001, 14003	1,510,230.36
Total Child Nutrition Cluster			1,916,646.47
Florida Department of Financial Services:			
Schools and Roads - Grants to States	10.665	None	156,519.98
Total United States Department of Agriculture			2,073,166.45
United States Department of Labor:			
Indirect:			
First Coast Workforce Development, Inc.:			
WIA Youth Activities	17.259	None	262,875.83
United States General Services Administration:			
Indirect:			
Florida Department of Management Services:			
Donation of Federal Surplus Personal Property	39.003 (2)(B)	None	26,655.75
United States Department of Education:			
Direct:			
Teacher Incentive Fund	84.374	N/A	66,850.68
Indirect:			
Florida Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	263	1,000,837.50
Special Education - Preschool Grants	84.173	267	38,421.66
Total Special Education Cluster			1,039,259.16
Adult Education - Basic Grants to States	84.002	191	174,268.84
Title I Grants to Local Educational Agencies	84.010	212	952,839.27
Career and Technical Education - Basic Grants to States	84.048	161	85,816.00
Improving Teacher Quality State Grants	84.367	224	194,679.57
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	RG311	8,882.48
Total Indirect			2,455,745.32
Total United States Department of Education			2,522,596.00
United States Department of Defense:			
Direct:			
Army Junior Reserve Officers Training Corps	None	N/A	52,685.63
Total Expenditures of Federal Awards			$ 4,937,979.66

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance:

(A) National School Lunch Program - Includes $174,588.88 of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

(B) Donation of Federal Surplus Personal Property - Represents 23.3 percent of the original acquisition costs of the donated Federal surplus personal property obtained during the fiscal year.

AUDITOR GENERAL

STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baker County District School Board, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 3, 2016, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 3, 2016

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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The President of the Senate, the Speaker of the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited the Baker County District School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2015. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
March 3, 2016

Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	
CFDA Numbers:	Name of Federal Program or Cluster:
10.553 and 10.555	Child Nutrition Cluster
17.259	WIA Youth Activities
Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2015-112.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
2015-112 (2014-001)	WIA Youth Activities (CFDA No. 17.259) - Allowable Costs/Cost Principles	The District did not maintain required documentation to support salary and benefit charges for employees paid from WIA Youth Activities program funds.	Corrected.	